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MONEY  
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## Switzerland To Oppose Lawsuit by Nazi Victims

Central Bank Contests Authority of U.S. Courts To Judge Its Actions

By Alan Cowell  
New York Times Service

BONN — A new battlefront loomed in the "Nazi gold" affair Friday when Switzerland's central bank served notice with unusual bluntness that it would fight a pending class-action lawsuit in the United States and disputed the authority of U.S. courts to judge its actions.

The lawsuit alleges that the Swiss National Bank "collaborated with Nazi Germany in the knowing receipt of looted assets," including gold, bonds and securities, according to Michael Hausfeld, a Washington lawyer involved in the suit. The suit has been prepared but not yet filed and does not specify an amount for restitution, he said in a telephone interview.

In a statement, the Swiss National Bank said: "We are resolved to oppose any such action, which would have no basis in law, with all the legal means at our disposal, particularly since we contest the competence of the U.S. courts in our case."

The move came just eight days after Switzerland's big three private banks agreed to negotiate what was termed a "global settlement" to halt three class-action suits brought by Holocaust survivors. Those suits seek \$20 billion in restitution of assets stolen by the Nazis and stashed in Switzerland during and after World War II.

Werner Aebge, a spokesman for the central bank, said the statement had been issued to "make it very clear that, even under the threat of a class-action suit, the National Bank as a public body, cannot

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Ryutaro Hashimoto, arriving at a meeting of Asian and European leaders Friday.

## Pressure Grows on Japan To Stop Economic Slide

Clinton Urges Tokyo to 'Take Bold Course'

By Jonathan Gage  
and Thomas Crampton  
International Herald Tribune

Japan came under stiff pressure Friday to act quickly and decisively in rescuing its economy as the nation received a warning that its creditworthiness was faltering. President Bill Clinton urged Tokyo to jettison strategies "that are not appropriate to the present."

The credit warning, by the rating concern Moody's Investors Service, pushed the Japanese yen to a six-and-a-half year low against the dollar and drove down share prices and currencies across Asia.

It came at the end of a week of grim economic news for Japan and heightened fears that the world's second-largest economy was headed into a recession that could unleash a new round of financial and economic turmoil across Asia and perhaps around the world.

In Washington, Mr. Clinton reminded Japan that it was the "key to stability and growth in Asia" and issued his administration's bluntest remarks to date on Tokyo's deepening economic problems. "I think

we need to be both respectful but firm in urging the Japanese to take a bold course," he said.

Mr. Clinton said Prime Minister Ryutaro Hashimoto was "an able man" and said, "He understands the economy, and I believe he wants to take such a course." Nonetheless, he portrayed Japan's policymakers as being divided between entrenched bureaucrats and those more willing to act decisively, and he warned: "You can't simply stay with a strategy that is not appropriate to the times and expect it to get the results that are needed."

Mr. Hashimoto, speaking in London at a meeting of European and Asian leaders, offered words of reassurance, saying that the worst of Asia's economic crisis was over. He repeated his frequent pledge to keep his country from falling into recession. (Page 9)

"Japan will take the necessary economic measures and, at the same time, provide assistance to the countries of Asia," Mr. Hashimoto said. "The current difficulties will be overcome in the not too distant future, and Asia will most certainly return to a path of growth." He provided no fresh details

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## U.S. Stocks Breach the 9,000 Barrier

Unemployment Goes Up but Optimism on Economy Prevails

By Mitchell Martin  
International Herald Tribune

NEW YORK — The Dow Jones industrial average topped 9,000 points for the first time Friday, reflecting seemingly insatiable demand for stocks from investors around the world.

Since the Wall Street rally began in 1995, the major U.S. stock averages have more than doubled. Among major European exchanges, only the Spanish, Swiss and Swedish markets turned in similar performances when measured in dollars. The Dow has advanced by about 13.5 percent so far this year.

Although some analysts are concerned that American stock prices have reached levels that do not reflect the values of the companies behind them, the market seems likely to move higher.

One influence is interest rates, which have been on a downward trend for the 1990s. Traditionally, interest rates decrease when economic growth slows, but American gross domestic product has been expanding at a lively pace.

Interest rates, however, also reflect market perceptions of inflation, and thanks to falling commodities prices and rising international competition,

prices for goods and services have not been rising much.

On Friday, there was some positive news on the inflation front, with a government report that 36,000 jobs disappeared in March, raising the unemployment rate to 4.7 percent from 4.6 percent. Analysts had been projecting an increase for March of more than 200,000, but a lot of the difference was laid to weather-related factors associated with the El Niño effect: Bruce Steinberg, chief economist at Merrill Lynch & Co., noted that the rate of job growth for the first quarter was 205,000, a level he considers sustainable for the long term.

The Dollar			
	Friday 4 P.M.	previous close	
DM	1.8472	1.8538	
Pound	1.6595	1.6635	
Yen	135.10	133.45	
FF	6.1913	6.2121	
The Dow			
	Friday 4 P.M.	previous close	
	8,977.93	8,986.84	
S&P 500			
	Friday 4 P.M.	previous close	
change	+2.15	1122.18	1120.01

Low interest rates help the stock market. They reduce the attractiveness of bonds for investors and they make it easy for companies to borrow money to finance expansion.

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## Indonesians Caught Up in Chicken-Egg Predicament

By Seth Mydans  
New York Times Service

BOGOR, Indonesia — People here are waiting to see which will go first, the chickens or the eggs. Either way, both foods may soon disappear from people's diets, heralding severe food shortages in the world's fourth most-populous nation.

"We have almost no chickens left," said Ho Cu Ciong, who farms eggs here in Indonesia's poultry-breeding capital, about 40 miles (60 kilometers) south of Jakarta. Already he has slaughtered or sold off most of his 90,000 chickens because of the high cost of feeding them. His eggs have become an expensive luxury item.

"If you ask me which will be the first to go down, it is both of them," he said. "In the market the shelves are already empty, empty, empty."

With the cost of imported chicken feed more than doubling because of Indonesia's weakened currency, 90 percent of the country's poultry farmers have already gone out of business, said Karyoto, an industry analyst.

The U.S. Department of Agriculture predicted recently that Indonesia would soon run out of chickens entirely. The government is trying to keep at least some large producers in business by helping them pay for feed.

Self-sufficient in rice for most of the past decade, Indonesia may have to import 4 million to 5 million tons this year — more than 30 percent of the rice on the world market — at a cost of at least \$1 billion.

The country's worst drought in 50 years has deepened the prospects of a severe food shortage in this nation of 200 million people.

"For the first time in 30 years we're looking at two consecutive declines in food production because of the drought," said Ben Fisher, an analyst at the World Bank. "It was down by about 4 percent last year and quite possibly another 4 to 5 percent this year."

The United Nations said recently that more than 7 million people face "food

## Court Orders Papon to Pay \$750,000 Fees And Damages

By Craig R. Whitney  
New York Times Service

PARIS — Maurice Papon, the former French civil servant who was convicted of being an accomplice to Nazi crimes against humanity during World War II, was ordered by a criminal court Friday to pay 4.6 million francs in legal fees and damages to the victims and their lawyers. The sum is the equivalent of \$750,000.

More than a score of lawyers representing 20 associations and 54 individuals who were complainants in the state's case against Mr. Papon asked the court to make him pay 12.5 million

francs in fees and damages. All the lawyers had been working for no money during the six months of the trial, which ended in a verdict Thursday.

The court, presided over by Judge Jean-Louis Castagnede, found Mr. Papon guilty of complicity in Nazi crimes against humanity because, as a French civil servant during World War II, he turned Jews over to the Germans in occupied Bordeaux.

It sentenced him to 10 years in prison, clearing him of charges of deliberately sending the victims to their deaths in Auschwitz as an accomplice to the Nazi plan for the elimination of all Jews from Europe. Mr. Papon, now 87, was secretary-general of the Gironde regional prefecture in Bordeaux for the Vichy collaborationist government during the war. He has appealed his conviction and can remain free at least until his case is tried in the appeals court in Paris, probably next year.

His trial, the first of a French civil servant on such charges and the longest

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Newsstand Prices	
Andorra	10.00 FF Lebanon
Antilles	12.50 FF Morocco
Armenia	1.800 CFA Qatar
Cameroon	1.800 CFA Qatar
Egypt	1.800 CFA Qatar
France	1.800 CFA Qatar
Gabon	1.800 CFA Qatar
Italy	1.800 CFA Qatar
Japan	1.800 CFA Qatar
Kenya	1.800 CFA Qatar
Libya	1.800 CFA Qatar
Morocco	1.800 CFA Qatar
Nigeria	1.800 CFA Qatar
Qatar	1.800 CFA Qatar
Romania	1.800 CFA Qatar
Saudi Arabia	1.800 CFA Qatar
Senegal	1.800 CFA Qatar
Spain	1.800 CFA Qatar
Tunisia	1.800 CFA Qatar
U.A.E.	1.800 CFA Qatar
U.S. & Canada	1.800 CFA Qatar
U.K.	1.800 CFA Qatar

## AGENDA

### North America Goes on Daylight Time

Effective Sunday at 0700 GMT the United States and most of Canada will change from standard time to daylight time. Clocks in both countries will be

moved forward one hour at that moment. During the summer, eastern daylight time will be four hours behind Greenwich Mean Time.



Stanley Fischer of the IMF, with an adviser behind him, says a deal with Jakarta is close. Page 9.

### Yeltsin Wins Delay On Kiriyeenko Vote

MOSCOW (Reuters) — Russia's Communist-led Parliament accepted an olive branch from Boris Yeltsin and, with a bit of constitutional conjuring, put off Friday's confirmation debate on Sergei Kiriyeenko, 35, the president's nominee for prime minister.

The political uncertainty persuaded Mr. Yeltsin to postpone a planned trip to Japan on April 11-13 by one week, but the chief Kremlin spokesman said Mr. Yeltsin had no intention of giving way to calls from the Communists to form a coalition cabinet.

### Davis Cup Surprise

BRATISLAVA, Slovak Republic (Reuters) — Slovakia took a 2-0 lead over Sweden, the defending champion, after the first day of their Davis Cup tennis series on Friday. Dominik Hrbaty beat Magnus Norman, and Karol Kucera beat Mikael Tillstrom.

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## Widening a Rift, Greens Take Aim at Schroeder

Ecologist Calls Foreign-Policy Plan a 'Disaster'

By John Vinocur  
International Herald Tribune

LEIPZIG — The leader of the Greens party who wants to be in charge of foreign affairs in a new Social Democratic-led German government calls Gerhard Schroeder, the Social Democrats' candidate for chancellor, ignorant on international policy matters — and says that his idea to bring Britain into a leadership triangle with France and Germany would be "a disaster for Europe."

Speaking of Mr. Schroeder in an interview, Joschka Fischer, the Greens leader, said: "He doesn't understand anything about foreign policy. If he tried to widen the German-French relationship to a triangle with Britain it would be a disaster for Europe. Britain just doesn't know what it wants."

The remarks made Wednesday by Mr. Fischer, often described as a likely foreign minister if a coalition between the Social Democrats and the Greens takes power after national elections scheduled for Sept. 27, were a startling element liable to further undermine the ecological party's credibility as the Social Democrats' possible government partner.

For the last month, the Greens have unveiled a series of positions calling for increases in gasoline prices for automobiles, rejection of the North Atlantic Treaty

Organization's expansion eastward, and restrictions on vacation trips through new taxes on aviation fuel that have led Mr. Schroeder to say that the "radical pacifist wing of the Greens can expect to play no role in a government of mine."

Considering the gap between mainstream public opinion in Germany and these positions, Mr. Schroeder could say little else.

But now his competence and judgment have been challenged by the Greens' leader most representative of what the party itself refers to as its realpolitik wing, a moderate one.

Mr. Fischer said that Britain's ambivalent position on joining the planned European single currency and its eager backing of the United States in the recent Iraq crisis reflected attitudes that had very little to do with the deepest reflexes of France, Germany or their partners in Continental Europe.

His comments coincided with a visit by Mr. Schroeder to Paris, where he met with Prime Minister Lionel Jospin and reiterated the importance of German-French ties, but stressed that closer relations with Britain were a "sensible addition" to the cross-Rhine partnership.

Current opinion polls indicate that if the Social Democrats can outrun the

See GREEN, Page 5

## Conspiracy Theories Hover Over Martin Luther King Observance

By Kevin Sack  
New York Times Service

MEMPHIS, Tennessee — Thirty years after the Reverend Martin Luther King Jr. was killed on the balcony of a motel by a sniper's shot to his jaw, thousands of pilgrims plan to gather here this weekend to try to draw meaning from his remarkable life and death.

The three-day series of marches, rallies, forums, concerts and re-enactments will be larger in scale and substance than previous commemorations in Memphis, a city that the Reverend Jesse Jackson likens to Calvary, "the site of the crucifixion."

This year's "Pilgrimage to Memphis" was to feature a service at Mason Temple Church, with the playing Friday evening of the introspective "I've Been to the Mountaintop" speech that Mr. King delivered there on the night before the April 4, 1968, shooting, when he seemed to forecast his death.

On Saturday, the 30th anniversary of the assassination, marchers will retrace the route taken by Mr. King and the striking sanitation workers whose protests against subhuman conditions brought him to Memphis. That night, they will hold a vigil at the Lorraine Motel, the site of the killing, which has been converted into a civil rights museum.

Mr. King's leadership was fundamental to the civil rights movement's success in ending the legal

segregation of blacks in the South and elsewhere in the United States. But as those assembling in Memphis try to reinvigorate the relevance of his legacy, they may have difficulty drowning out the background noise generated by an intense, yearlong re-examination of the assassination itself.

On at least one level, that search for answers has divided the civil rights community into camps — pitting those who believe that James Earl Ray fired the fatal shot, perhaps to collect a bounty, against those who believe that he was a patsy in a vast government conspiracy aimed at silencing Mr. King's preachings against poverty and the Vietnam War.

Those who are convinced of Mr. Ray's guilt say it is time to put the questions about the assassination aside and to acknowledge that the full truth may never be known.

"It is tragic that real progress may be held up while we debate about something that may never be proven," said Benjamin Hooks, the Memphis minister, lawyer and judge who served for 16 years as executive director of the National Association of Colored People.

Julian Bond, the recently elected chairman of the association and a longtime civil rights advocate and historian, called the continuing focus on the



Coretta King wiping tears away as she stood with a son, Dexter, at her husband's crypt.

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# Lewinsky's Lawyer Dares Starr to Heed 'People's Will' and End Inquiry

WASHINGTON — With the Paula Jones lawsuit gone but the Whitewater grand jury pressing ahead, Monica Lewinsky's lawyer made a public plea Friday for prosecutors to end their criminal investigation.

"The American people want this matter to end," said the lawyer, William Ginsburg.

Seeking to capitalize on the dramatic dismissal Wednesday of Mrs. Jones' sexual harassment lawsuit, Mr. Ginsburg said that the Whitewater prosecutor, Kenneth Starr, needed to consider the will of the country along with the facts and law.

To make his point, he scoffed at Mr. Starr's allusion Thursday to the fictional detective Joe Friday, played by the actor Jack Webb in the 1960s television show *Dragnet*.

"Mr. Starr, Jack Webb cared about not 'only the facts ma'am,' but he also cared about the will of the people he was serving," Mr. Ginsburg said. "Mr. Starr, have you no shame? Facts and law are always subordi-

nated to the will of the American people."

But there were no signs that Mr. Starr would follow the recommendation. The New York Times and The Washington Post, quoting sources, said the federal judge overseeing the grand jury in the Lewinsky investigation gave Mr. Starr a boost this week by ordering Ms. Lewinsky's first attorney to testify and turn over certain documents, in a sealed decision concluding that the attorney-client privilege should be breached, sources familiar with the case said.

But the most significant part of the ruling by Judge Norma Holloway Johnson of U.S. District Court may be her reasoning in compelling the lawyer, Francis Carter, to comply with the subpoena from the independent counsel. The judge apparently concluded that Ms. Lewinsky may have lied in an affidavit denying an affair with President Bill Clinton, sources told The Post.

Ms. Lewinsky plans to appeal the decision compelling her first lawyer's testimony, the sources said. As the client, Ms. Lewinsky is the

party who must assert attorney-client privilege.

The details of Judge Johnson's decision remain murky because of a strict gag order she has placed on the matter. But the sources said that she had made her ruling under the "crime-fraud exception" to the legal principle of attorney-client privilege, determining that Mr. Carter must testify before the grand jury and release papers relating to his work for Ms. Lewinsky because she intended to commit fraud in the affidavit the lawyer prepared at her direction.

Under the ruling, Mr. Carter will have to produce his retainer agreement with Ms. Lewinsky and phone message slips, Mr. Ginsburg declined comment on Judge Johnson's order.

Mr. Carter's lawyer, Charles Ogletree, said that he would oppose "any effort by the government to pierce the attorney-client privilege" and that he would "use every available avenue to protect the interests of Monica Lewinsky, and to ensure Frank Carter isn't used as a witness against his client."

Meanwhile, the obstacles for Mr. Starr remain

daunting. On no fewer than four fronts, he is facing legal obstacles that already have delayed him and may stall the conclusion of the investigation for months longer. Whether it is the White House's use of "executive privilege" to restrict the questioning of presidential aides or a local bookstore's refusal to hand over credit card receipts, Mr. Starr is facing fierce and sometimes unexpected resistance.

Additionally, the trial-level judge overseeing aspects of the case has not yet ruled on whether Ms. Lewinsky should receive immunity based on an offer Mr. Starr's prosecutors supposedly made to her in January. Her lawyers insist that they had what should be considered a binding agreement. Mr. Starr contends that no deal was reached.

And Mr. Starr has been unable to question certain agents who patrol the White House or to review related documents. So far, he has chosen negotiation over a frontal legal challenge, which would pit his office against officials of the Justice Department.

On some of these battlefronts, Mr. Starr must decide whether to press his position to the utmost — and endure hearings, rulings and appeals stretching over months or longer — or negotiate for less.

Mr. Starr has said that the dismissal of Jones' sexual harassment suit will not affect his criminal investigation.

Returning from a 12-day trip to Africa, the president basked in the absence of a sexual harassment lawsuit that has plagued him since 1994. As he stepped off a helicopter late Thursday and walked up the South Lawn toward the White House, Mr. Clinton said: "This old place looks good. I'm glad to be home."

He declined to elaborate on the Jones ruling during a Rose Garden appearance Friday morning. "I'm going to try to do what the Supreme Court said I should do, which is not to be in any way deterred by this, and I'm going on with my business. Others will comment on this."

(AP, WP, NYT, LAT)

## House Leader Says 'No' to IMF Funds

By Eric Schmitt  
New York Times Service

WASHINGTON — In a new threat to one of President Bill Clinton's top foreign policy goals, the House majority leader has urged fellow Republicans to reject the administration's request for \$18 billion in new financing for the International Monetary Fund.

In a memo sent Thursday to lawmakers, Representative Dick Armey of Texas, second-ranking House Republican, said the financing would encourage an unchecked expansion of the fund's lending that would cost the United States billions of dollars and weaken financial systems worldwide.

"If, under the Clinton Doctrine, we sanction a policy of ever-expanding bailouts and futile attempts to manage other economies, the resulting system will be fragile, susceptible to sudden economic stops and starts, crashes and panics," he said.

Mr. Armey, who acknowledged that his view "may well be a minority position in the House," proposed delaying a vote, expected later this month, on the \$18 billion increase. A delay would undercut IMF supporters who are trying to attach the financing to a popular disaster-relief bill.

His memo offers the latest evidence of divisions among Republicans over whether to support the new financing, which the administration says the fund needs to refill a treasury strained by the Asian financial crisis.

Much of the Republican leadership favors the new financing. Senate Republicans, with most of their Democratic colleagues, overwhelmingly approved the \$18 billion last week; Republicans backed the measure by nearly three to one.

Mr. Armey sent his memo just as House members headed home on a two-week recess, during which many legislators will undoubtedly hear concerns from farmers and businesses who may support the IMF request because they are worried about losing markets overseas.

Mr. Armey said he would consider supporting the new financing only if the fund first made public its documents and decision-making procedures, and stopped offering loans at below-market rates.



FROGLess — Interior Secretary Bruce Babbitt failing to find any Western spotted frogs near Heber City, Utah, just after signing an accord to protect them. Biologists later told him the frogs were hibernating.

## Clinton's Coattails Look Like a Winner

WASHINGTON — Not only does President Bill Clinton continue to enjoy huge popularity despite the continuing investigation by an independent counsel, but he is also in a good position to help his party win congressional seats in this fall's election, according to a poll by the Pew Research Center.

The poll was taken last weekend and released Thursday. The pollsters stopped short of predicting that Democrats will retake the House majority but suggested that the environment is ripe for them to gain the 11 seats necessary to win control. Republicans have in their favor a relatively content electorate and a political environment that seems to favor incumbents. The Pew poll, 63 percent of registered voters said they would like to see their congressional representative re-elected.

The bad news for the Republicans, however, is that 52 percent of respondents said they were more likely to vote for a Democrat, while 40 percent said they

## Senate Backs Budget

WASHINGTON — After calming recalcitrant conservatives, the Senate on Thursday approved a Republican budget blueprint for the new fiscal year that would hold tax cuts to \$30 billion over five years and reject nearly all of Mr. Clinton's proposals for new spending.

The \$1.73 trillion spending plan, approved on a near-party-line vote of 57 to 41, provides the chamber's guideline for spending and taxes for fiscal 1999 as the political parties look for new footing in dealing with the first federal budget

## Quote/Unquote

Louis Nicholas, 59, chief executive officer of a Baltimore-based health insurance provider, to Robert Bennett, president Clinton's lawyer, as he savored his victory in the Paula Jones case with a celebratory dinner at the Palm restaurant in Washington: "Choke on your food, sir, and wallow in the consequences of choking! How can you defend that trash?" (WP)

## Away From Politics

• The Justice Department will not prosecute Mark Fuhrman, a former Los Angeles police officer who was a witness in the O.J. Simpson murder trial, for alleged criminal abuse of minorities that he described in a series of crude, racist interviews with a screenwriter, the Los Angeles Times reported. The five-year statute of limitations on the alleged incidents linked to Mr. Fuhrman and other Los Angeles police officers has long expired, it said, citing a source. (AP)

## Two Months After Old Aircraft Parts Shipped as Cargo Caused a ValuJet Plane

to crash and killed all 110 people aboard, another small airline based at the same airport shipped the same kind of cargo on the same route on another passenger plane. The Federal Aviation Administration said it was finding Rich International Airways of Miami \$450,000 for shipping the parts, called oxygen generators, on a Delta Air Lines plane from Miami to Atlanta on July 10, 1996. The charter airline has been grounded since September 1996. (NYT)

## One of 4 American Hostages in Colombia Escapes From Kidnappers

Washington Post Service

BOGOTA — One of four Americans kidnapped last week at a road-block mounted by a unit of Colombia's largest guerrilla force has escaped from captivity.

The American, Thomas Fiore, was on a bird-watching outing 50 kilometers (30 miles) southeast of the capital with the three other Americans when they were captured by members of the group, called the Revolutionary Armed Forces of Colombia. He fled a guerrilla camp in the remote area of El Calvario in central Meta state early Thursday.

Mr. Fiore, 43, walked for hours through the mountains before he happened to encounter some Colombian television journalists, according to a report broadcast on Radionet.

He was tired but appeared to be in good condition, the report said. He was flown by military helicopter to a base in Apiay in eastern Colombia and later sent to Bogota.

It was not immediately clear how Mr. Fiore had managed to escape.

The guerrillas have threatened to kill the Americans if they are found to have any links with the CIA, FBI or Drug Enforcement Administration. The United States denies that the hostages have ties with U.S. intelligence agencies.

## Smoking Rates Jump For Black Teenagers

New York Times Service

WASHINGTON — For years, public health officials have touted low smoking rates among black teenagers as a hopeful sign that at least some young people were shunning cigarettes. But that optimism has fallen sharply after a new study found that cigarette use among black high school students jumped 80 percent since 1991.

The nationwide survey announced Thursday found that from 1991, when the Centers for Disease Control and Prevention began the study, to 1997, smoking rates increased by one-third among all high school students. Forty-three percent used cigarettes, cigars or smokeless tobacco in the month before the survey; 22 percent had smoked cigars during that time.

But it was the sharp increase in black youths' smoking rates, which other studies showed to have dropped precipitously in the 1970s and 1980s, that experts found most troubling. While white high school students still smoke at nearly twice the rate of blacks, the gap has narrowed steadily in the '90s, and some experts predict that it will close in the next decade.

"As we entered the 1990s, there was a three to fourfold difference between smoking in white and black teens," said Dr. Michael Eriksen, director of the Office on Smoking and Health at the Centers for Disease Control and Prevention in Atlanta. "That was a public health success story, and what we are finding now is that success is eroding right before our eyes."

The survey, published in Friday's issue of *Morbidity and Mortality Weekly Report*, offered no reason for the shift.

## Richard Bellamy, 70, New York Art Dealer, Dies

New York Times Service

NEW YORK — Richard Bellamy, 70, a New York art dealer whose Green Gallery was one of the most important showcases of avant-garde art during the American art explosion of the early 1960s, died Sunday in his sleep at his home in New York.

A boyish, usually stylishly disheveled man with a charming, somewhat nervous manner, Mr. Bellamy was known for his brilliant eye, his skill at installing exhibits, his love of tennis, his "towering modesty" (as his shyness was sometimes called) and his devotion to new art and its creators.

The names and locations of his galleries varied, but for more than four decades he was rarely without one, or at least an office for private dealing.

David Bourdon, 63, Writer on Modern Art

David Bourdon, 63, a critic who was closely involved in the innovative New York art world of the early 1960s and who was one of the early writers on the minimalist movement, died March 27 at Simi Valley Hospital in Simi Valley, California, of esophageal cancer.

Among Mr. Bourdon's books were studies of the artists Christo (1972), Alexander Calder (1980) and Andy Warhol (1989). (NYT)

## KING: Questions Over Killing Cloud His Legacy

Continued from Page 1

assassination "an irritation." He added: "I think for the conspiratorialists it will just go on forever. It will never stop."

But those who doubt Mr. Ray's culpability contend that the truth about Mr. King's death must be discovered before the totality of his story can be told, particularly if the government played a role. As if to reinforce that point, they scheduled a forum in Memphis Friday night to lay out the latest evidence of a government conspiracy.

And a national organization of conspiracy theorists, the Coalition on Political Assassinations, has scheduled a meeting here to coincide with the commemoration.

"In the Jewish and Christian tradition, you do not slay one of God's prophets without a nation reaping the consequences," said the Reverend James Lawson, a Los Angeles minister who helped lead the sanitation workers' strike in Memphis. "You cannot revise your history in a negative fashion and expect then that you are walking on a good foundation toward a new future."

Mr. Lawson said he believes that Mr. Ray is "innocent of either a plot or the pulling of a trigger." That is the same position taken during the last year by Mr. King's widow, Coretta Scott King, and the Kings' four children, who have been convinced by Mr. Ray's lawyer, William Pepper, that Mr. Ray was framed for the murder.

Underlining the conflict between the two camps, the Kings and several prominent allies held a news conference in front of Mr. King's crypt in Atlanta on Thursday.

Mrs. King said she would appeal to President Bill Clinton to appoint an investigative commission to examine what she characterized as "new evidence and recent developments." Like South Africa's Truth and Reconciliation Commission, she said, the panel should provide immunity from prosecution to anyone with knowledge of the assassination.

"It is morally wrong to make Mr. Ray the scapegoat," she said, "when he has never had a trial and there is mounting evidence that others were involved."

Mr. Ray, 70, pleaded guilty to the murder in 1969 and received a 99-year sentence. Three days later, he recanted, saying he had been pressured by his lawyer to admit guilt in order to avoid the death penalty.

Mr. Pepper asserts that Mr. King was killed in a conspiracy involving the army, the FBI, a New Orleans-based Mafia family, and the Memphis police, all with the knowledge of President Lyndon B. Johnson.

## INDONESIA: Which Goes First? The Chicken or the Egg?

Continued from Page 1

insecurity" in the coming year. The World Bank predicts that Indonesia might need \$3 billion in food aid to avert critical shortages this year. And President Suharto has acknowledged the growing problem, saying, "Even mothers can no longer be provided powdered milk for their babies."

The drought has caused immediate hardship to farmers, who make up nearly half the population. In some small plantations, farmers are cutting down their coconut trees to sell the wood. In some remote areas, people have been reduced to eating bamboo shoots and tubers.

Experts say they expect malnutrition to spread.

"I don't think we're facing mass starvation," said H.S. Dillon, who heads the private Center for Agriculture Policy Studies, but added that there would be millions of people who were really hard up.

With inflation, unemployment and bankruptcies squeezing the economy, it is food shortages that raise the most immediate fears of hardship and social unrest.

One worry is that shortages combined with unemployment could cause a surge of violent protests. In January and February, rising prices caused dozens of riots, mostly against shops owned by ethnic Chinese.

The World Bank calculates that there are enough basic foodstuffs here or en route to last through April. Beyond that, the future is uncertain.

Though it is rich in farmland and natural resources, Indonesia imports large portions of wheat, sugar and soybeans, a staple item here. These imports, sold at subsidized prices, have tempted Indonesians into dietary changes that will be painful to reverse.

Imported milk powder has transformed the diets of children, who now crave milk throughout childhood. "I tell my son: 'There is an economic crisis. You must drink less milk,'" said Emmi, a shipping clerk who pays four times more for a can of milk powder than she did in February. "But he just says, 'No, no, no.'"

The shortages are compounded by an emerging breakdown in the distribution system. With the increased cost of imported spare parts

and lubricants, large numbers of vehicles have been sidelined for want of a tire or a clutch.

In addition, many ethnic Chinese, who form the backbone of the country's commerce, have shut their shops and warehouses for fear of more riots or raids on their stocks.

Here at the Trio Poultry Farm, Mr. Ciong said he was still producing a few eggs — and losing money every day — in the hope that things might get better. Most of his coops stand empty, and most of his workers have already joined the millions of newly unemployed.

As for the chicken-and-egg question, he said, you can look at it either way. But either way, he said, "we're all going bankrupt together."

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# Herald Tribune

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## Follow-Through on Africa

President Bill Clinton put his 12-day trip to Africa to good use. His words on slavery, genocide and the struggle against apartheid resonated with American history and emotions. Mr. Clinton gave Africa new visibility and a more hopeful image.

He should now follow his messages of empathy with consistent political and diplomatic leadership. To help Africa effectively, Mr. Clinton ought to secure Senate support for his Africa trade and investment legislation, persuade congressional Republicans to restore foreign aid cuts and urge other Western leaders to write off the debts of some countries. He should also put more pressure on African leaders who thwart democracy, especially General Sani Abacha of Nigeria and Laurent Kabila of Congo.

The president usefully drew American attention to a continent that has too long been slighted by private investors, Washington policymakers and congressional aid committees. He repeatedly promoted a promising new vision of African development based on trade, investment and closer links to the global economy.

But private investment will not be enough to overcome decades of stagnation. The West and Japan must de-

liver on promises of debt relief for countries committed to reform, like Uganda, Burkina Faso, Ivory Coast and Mozambique. Forgiving debt lets these countries channel resources into social spending. The delay has come largely from Germany, Japan and Italy. Mr. Clinton should lobby their leaders at next month's economic summit meeting of the industrial democracies.

Reforming countries also need development assistance from the United States and other rich nations. The aid should be targeted to needs that private investment and domestic resources cannot meet.

Foreign aid can help overcome poverty and disease, and assist airport, road and seaport projects that attract more private investment. Recent U.S. cuts in development aid to Africa should be restored, bringing the total back to at least \$840 million a year, and American assistance should go mainly to countries committed to economic and political openness.

Democracy also needs American support throughout Africa. Where it exists, it is fragile. In the countries where most Africans live and most American trade and investment dollars go, democracy remains a dream.

—THE NEW YORK TIMES.

## The Papon Verdict

Maurice Papon, the second-ranking official of the Gironde region in Nazi-occupied France, was sentenced by a Bordeaux court Thursday to 10 years for complicity in crimes against humanity — the illegal arrest and deportation of Jews, almost all of whom were later killed. At the age of 87, Mr. Papon is the first high-ranking Vichy official to be tried since just after World War II, and is likely to be the last. The symbolism of his conviction is important.

His lawyers insisted that Mr. Papon had carried out the Nazi orders to arrest or deport Jews, mainly foreign-born, without enthusiasm, and that by collaborating he saved French Jews who would otherwise have been killed. The Nuremberg tribunals rejected a similar argument from Hitler's justice minister, Franz Schlegelberger. Midlevel

bureaucrats, who can always assert that worse things would have happened if they had not collaborated, make murderous regimes possible.

For decades France has clung to the comforting myth that the Resistance was the real France and that the Germans were to blame for Vichy's acts. Mr. Papon even served in postwar governments as Paris prefect of police and then budget minister. That myth has unraveled in the last few years, especially after the death of President François Mitterrand, himself a minor Vichy collaborator. As the first judicial decision establishing the guilt of an important Vichy official since immediately after the war, the Papon case will further France's progress in taking responsibility for its past.

—THE NEW YORK TIMES.

## Keep Heat on Hun Sen

Now that Cambodia's deposed prime minister, Prince Norodom Ranariddh, has been permitted to return to his homeland, other nations may be tempted to declare victory and ease up on the difficult job of restoring democracy there. That would be a mistake, and a betrayal of Cambodia's people. Prince Ranariddh's return is a welcome development, the result of dogged diplomacy by U.S., Japanese, Thai and other officials. But it is only a first step.

Cambodia's "second prime minister," Hun Sen, engineered the coup d'état last July that sent Prince Ranariddh fleeing. Many other politicians also sought safety abroad, and for good reason: More than 40 supporters of the prince who stayed behind were killed.

Aid donors, who supplied half of Cambodia's budget, suspended much of their largesse, and the United Nations properly refused to seat Hun Sen's regime at the General Assembly last fall.

In an effort to escape this international isolation, Hun Sen has scheduled elections for July. But conditions for a fair and credible election do not yet exist — not even close.

No one has been brought to justice for the political murders of last summer, nor have the killings ceased. More than a dozen Ranariddh supporters

have been murdered since December, including one on the Saturday night before his return on March 30. Others have disappeared or been abducted, according to Human Rights Watch. Journalists have been threatened, and the press is cowed. In villages, few dare speak openly. The courts and election commission do not operate independently.

Prince Ranariddh's return followed a carefully arranged script: Hun Sen had his rival convicted in a show trial, and then the prince's father, King Norodom Sihanouk, issued a pardon. But the prince's presence will not mean much if he cannot rebuild his party, and that cannot happen if his followers live in fear of execution. The prince himself returned to Bangkok Friday, reflecting the pervasive climate of fear in Cambodia.

Elections can be credible only if human rights and poll monitors are permitted to return, if opposition politicians have access to a free press and if past murders and violations are punished. Outside friends of Cambodia are pushing for these conditions, and they may yet succeed. If they do not, they should maintain pressure on Hun Sen's regime and not settle for a phony, coup-validating vote.

—THE WASHINGTON POST.

## What Missile Launcher?

Americans sweating over their tax forms may take some Schadenfreude pleasure in learning that their government's own books are a mess.

We are not talking here about misplaced dividend payments. The Pentagon, for instance, cannot find a \$1 million missile launcher, or a \$460,000 floating crane that, like the missile launcher, should be hard to miss. Some departments have not allotted nearly enough for pension obligations, while others have greatly underestimated the costs of environmental cleanups.

All this is contained in an audit of the federal bureaucracy commissioned by Congress and released Wednesday by the General Accounting Office. The fact that the United States cannot ac-

count for billions of dollars in government transactions and property infuriated Republicans. Vice President Al Gore, of "reinventing government" fame, found cause for hope, however. He said the audit could be "a road map to help us solve these problems."

But that may take some doing. The GAO itself admitted that it was impossible to define the government's assets and liabilities with any precision. It also gave a passing grade to the accounting practices of only seven of 24 government agencies it audited.

President Bill Clinton may have proclaimed the end of big government, but big or little, it still needs to know how its money has been spent.

—THE NEW YORK TIMES.

## An Arrogant Careerist Who Just Followed Orders

By William Pfaff

PARIS — The verdict in France's trial of Maurice Papon for complicity in crimes against humanity — "guilty," but with a sentence of only 10 years — was apologetic rather than Solomonic. It followed from the realization by the jury and by much of the public that they had the wrong man.

They wanted a man of recognizable evil, defiant in his crimes or contemptible in his evasions. What they got was an arrogant old man whose crime was to have been a careerist.

While the jury convicted him of the charge that had been brought, they did not impose the full possible sentence, life imprisonment, nor even the sentence the prosecutor demanded, 20 years in prison. They gave him half that, although the distinction is probably moot, since the convicted is 87 and his heart is bad.

He will not go to prison until the case has been appealed, which means that he may never serve the sentence.

The trial was meant to educate the young about Vichy and France's implication in the deportation of Jews to the death camps. It may be questioned whether the education was necessary. The French by now know all about Vichy. The lesson actually taught was how complicated history is.

Maurice Papon's principal defender asked how he could be the accomplice of a genocide he did not know was being committed. The defendant him-

self asked how the prosecution could demand a penalty of only 20 years when it held him responsible for a crime against humanity.

"Can there be 10, 15, 30 or 60 percent of a crime against humanity? ... It is all or nothing. Either I am guilty or innocent."

Knowledge of genocide thus became an important but misleading issue in the trial. Some witnesses insisted that Mr. Papon had to have known what would happen to the deported Jews, or known enough.

Some of his contemporaries, who were in the Resistance, testified that they had not known, and that the Gaullist authorities in London did not know. On the evidence of its conduct, the American delegation to Vichy did not know.

(The United States recognized the Vichy regime as France's legitimate government from the start and did not formally renounce relations until January 1944.)

The most telling evidence about not knowing was quoted from Raymond Aron, one of the most distinguished modern political thinkers, himself a Jew, who was in London with de Gaulle.

Mr. Aron, who died in 1983, said that, at the time, extermination by the Germans of a whole category of humanity was unimaginable. Simply because it could not be imagined, no one

imagined it — until the Allied armies began to overrun the camps in 1945.

Mr. Papon did not have to know about death camps to know that something terrible was happening. He knew that these men, women and children were selected on "racial" grounds to be taken away toward something unknown and certainly bad. What was his justification for continuing to take part in Vichy's collaboration with the Nazis, when what he was doing resulted in self-evident evil?

He claimed to have been a resister. He said that he was able to do more for the Nazis' victims, and for the Resistance, by staying in office than he could have accomplished by leaving. Some witnesses agreed; some objected.

When the war was over and the Free French took control, he was summarily assessed to be fit to remain in the civil service. From that point he never looked back, except once. Many years later, when he had become a candidate for ministerial office but rumors of collaboration persisted, he submitted himself to an informal "court of honor" of Resistance leaders and was passed, but rather grudgingly.

At his trial he claimed to be the victim of a conspiracy, dominated by the Communists. He had been head of the Paris police late in the war in Algeria, when Paris experienced terrorism and riots protesting French policy. He said the Communists had hated him ever since

because, as head of the police, he was their most effective enemy.

He also implied that Jewish organizations were part of the conspiracy, making a symbol of him, so that in Bordeaux over the past six months it was not the man who was being tried but "the myth, elaborated over many years, and by expert hands."

It nonetheless was one of the lawyers for the civil parties associated with the prosecution, Arno Klarsfeld, who surprised the court in his summation by proposing the 10-year sentence, saying that Mr. Papon did not deserve more.

This was an implicit acknowledgment that they had the wrong man. They had an ambitious functionary. Mr. Papon administered a despicable collaboration with the Nazis, implementing a self-evidently evil policy of arresting and deporting people guilty of no crimes, to a fate that, whatever it was, would certainly be harsh.

He demonstrated the same anachronistic detachment and bureaucratic rigor that all across Europe in the 1940s made the organization and execution of great crimes possible. That was the crime proved, and the lesson taught. It is a crime that continues to be committed today.

The great crimes do not require great villains. They are committed by those who do not question.

International Herald Tribune,  
Los Angeles Times Syndicate.

## Only in America: Frontier Justice and Bedroom Farce

By Jim Hoagland

WASHINGTON — The dismissal of Paula Jones's sexual harassment suit against President Bill Clinton now can only deepen the bewilderment the world feels over the longest-running bedroom farce playing on the global stage. Only in America.

That, thankfully, is the point of this whole mess. Modern communications link Uzbek tribesmen in Central Asia and German hurgers in the Rhine Valley with the minute details of that day ages ago in the Excelsior Hotel in Little Rock.

But to get it — to understand why Susan Webber Wright's summary judgment is the only logical and existential next step in the Clinton saga — you have to get America, in all of its legal and political glory.

This American essence was not immediately apparent. I was tempted by the theories that the giant national shrug Americans seem to be giving the Clintons' sex and real estate problems showed a Europeanization of U.S.

mores. After all, anything that got sex up to par with real estate as conversation fodder in Washington had to make the city more glamorous, more "foreign."

But the uniquely red-white-and-blue meaning of this ongoing story came to me as I tried to sketch the effect of the Wright ruling to a French television audience.

I began to describe the arcane relationships between the independent counsel statute and Arkansas law, and to say why I was sure Kenneth Starr would pursue this case to the last limbo despite Judge Wright's finding. But a small internal voice told me I risked missing the point. I was sure less televisualists were asking themselves:

How can America tolerate a statute that unleashes a pitiless Javert (or perhaps Savonarola, more in keeping with Mr. Starr's approach) against the ruler? How could the Supreme Court clear the way for the ruler

being sued while on the throne, and then have a minor magistrate scuttle the case? And where in the world does America find the hairdressers who do Jones, Lewinsky and Tripp?

I offer no view on that last one. But here I was, telling the French nation that Judge Wright had just declared that the tons of newspaper and centuries of television talk time devoted to Paula Jones did not amount to a legal hill of beans. Then why did you Americans go through it all? I could hear those televisualists demanding: To what end?

The question is especially pertinent since the conventional wisdom in Washington is rapidly becoming that Mr. Starr will not be able to indict the president and will send up a report on Clinton misbehavior that the House of Representatives will not have the stomach to use for impeachment hearings.

More tons of newspaper, centuries of talk and another in-

conclusive legal outcome. What good is that? they would again ask in Left and Right Bank salons. We who are artists thought you Americans were the pragmatists.

But that is the point about America. I found myself saying back.

America does abuse its rulers, systematically. Independent counsel laws and investigations that lead to public vilification, and little more, are in keeping with America's long distrust of centralized power and the nation's willingness to do anything to block anyone from rising above the law or too far above the herd.

Judge Wright's seemingly paradoxical ruling that the Jones suit — the pebble that unleashed the avalanche — should never have been tossed down the hillside in the first place is the essence of the American system.

As a nation we Americans constantly find unorthodox ways to remind our rulers that they are

men and women just like the rest of us. They do not have special rights to have \$200 haircuts on the runway in Los Angeles or to pay hush money out of the White House to Watergate burglars.

We pay an enormous price for this defiance and bloodying of power, in efficiency and even in money. We frighten many competent people away from public life. And we the public then wallow in disillusionment and cynicism, about the original scoundrels but also about the media and its professional ex-posers and the fundamentalist quacks we employ to investigate and pillory the mighty.

You are right to ask, monsieur et madame, to what end? But it is a way of reminding you, and ourselves, that frontier justice is always rough. It proves the fundamental American axiom: The price to be paid for distrusting power is always smaller than the price to be paid for worshipping it.

The Washington Post.

## Lebanon Won't Let Israel Gloss Over the Golan Issue

By Judith Palmer Harik

BEIRUT — After almost a decade and a half in the quagmire of South Lebanon, Israel is finally considering ways of complying with UN Resolution 425 and withdrawing its troops.

However, as America learned when it withdrew from Vietnam, extrication is far from simple. Withdrawal alone did not resolve the outstanding general issues between the Americans and the Chinese. Those

were left for later negotiations between the adversaries.

Also, America's withdrawal did not provide guarantees for its local surrogates, who were left to face inevitable defeat by the Vietcong.

Israel, too, faces the question of what to do with its allies, the South Lebanese Army, which has been fighting the Iranian-backed Hezbollah guerrillas.

The toll taken on Israel's South Lebanese allies over the years of this war of attrition does not bode well for an immediate and uneventful reintegration of the area's Shiite and Maronite Christian communities.

Also, Israel could hardly be happy with the idea of offering asylum to its Lebanese allies, which would mean incorporating yet more Arabs into

its already seriously divided society.

This, and of course the issue of providing security for Israelis in the Galilee panhandle, are Israel's main problems in withdrawing.

Israel hopes that Beirut, grateful to reclaim territory and to end the possibility of further punitive raids by Israel outside the "security zone" (as happened in 1993 and 1996), will send its army to guard the border zone. Israel also hopes that Beirut will take steps to dismantle Hezbollah's military structure, something Israel itself was unable to do despite its vastly superior military strength.

But Prime Minister Rafik Hariri and Foreign Minister Faris Bouez of Lebanon have indicated that if Israel pulls out it must take its own chances — there will be no "cooperation with the enemy."

The Lebanese, whose foreign policy is closely linked with Syria's, regard a "comprehensive peace" as the only way of regularizing relations with Israel and achieving durable stability in the region.

That is, as long as the future of the Golan Heights — captured by Israel from Syria in 1967 — remains in limbo, affording Israel relief on one front makes little strategic sense.

The strategy of separating adversaries and seeking bilateral deals is being rejected firmly by Syria and Lebanon.

The Arab partners maintain that negotiations on the inter-related problems of South Lebanon and the Golan Heights were proceeding in good faith until they were interrupted by Israel.

Now the Netanyahu government insists that these talks begin from scratch, instead of where they left off under Israel's previous Labor government.

Since the Netanyahu government's reluctance to negotiate land for peace is well known, the Arab partners are hoping for continued diplomatic pressure on Israel to get the talks restarted on more advantageous terms — while making Israel pay the price of its political stance in continuing deaths and casualties in South Lebanon.

Only comprehensive negotiations and concessions can extricate Israel from its security problems in South Lebanon. Why should Lebanon make it easier for Israel to keep postponing the inevitable?

The writer, a professor of comparative politics at the American University of Beirut, contributed this comment to the International Herald Tribune.

## Hezbollah's Busy Domestic Agenda

By Uri Dromi

JERUSALEM — For more than a decade, the official Israeli line has been that if Israel were to withdraw from the "security zone" it established in 1985 in a swath of Lebanese land along Israel's northern border, Hezbollah would launch attacks on Israeli kibbutzim and towns.

Now, however, Israel proposes to withdraw and is seeking guarantees from the Lebanese government that it will stop Hezbollah attacks in exchange.

In the last year, Israel has sustained the deadliest stretch of fighting since 1985 with Hezbollah, and more and more Israelis now question the value of the security zone.

It is a sharp turnaround, but one that makes sense. An analysis of the forces driving the region reveals that the traditional beliefs may be off-base and that Israel may well be able to withdraw without substantial danger to its northern residents.

Why? Because despite Hezbollah rhetoric that it would continue attacking Israel if Israeli troops left Lebanon, the group's attention would likely be diverted to the extremely messy internal Lebanese arena.

While competing groups in Lebanon now stand shoulder to shoulder in the fight against Israel, there is evidence that when Israel is no longer in the south they will turn on each other.

To be sure, the 1985 Hezbollah platform lists the liberation of Lebanon from the Zionist occupation as only a stage in the struggle to liberate Jerusalem and destroy Israel. And Sheikh Hassan Nasrallah, Hezbollah's secretary-general, said recently that Israel should not expect calm even if it leaves Lebanon.

But in the last 30 years, Israel's record of understanding the Arabs leaves much to be

desired. Israel did not anticipate the 1973 Yom Kippur War; Anwar Sadat's peace initiative in 1977 was perceived by some in Israel as a hoax.

Then, in 1982, Israel blundered into an invasion of Lebanon. Its subsequent occupation stoked Shiite Muslim animosity against Israel, one factor in the creation of Hezbollah.

Israel also failed to anticipate the Palestinian intifada, and when it did it was slow to understand its full significance.

It is thus reasonable to suggest that what Israeli military leaders believe would happen in Lebanon after an Israeli withdrawal may not be accurate.

Professor Emanuel Sivan of the Hebrew University of Jerusalem, an authority on Islamic radicals, says that within these movements, internal struggle often takes precedence over the fight against Israel.

It is likely that Hezbollah will decide that gaining power in Lebanon, its base, must take precedence over fighting an enemy that has retreated behind its own borders.

Hezbollah has many enemies among Lebanon's Christians and Sunni Muslims. Even with Amal, the main Shiite Muslim organization in Lebanon, there is bad blood.

Furthermore, an Israeli withdrawal would probably force Syria's Hafez Assad — the main power broker in Lebanon, with 35,000 troops there — to allow the Lebanese government to assume control of Southern Lebanon. Such a shift in the power structure in the south would force Hezbollah to pursue resources into maintaining its position.

Hezbollah was formed to help the oppressed Shiite in Lebanon, which is why Iran's Shiite leadership provides millions of dollars to the organization, funneled through Syria. The organization developed a military capability because no group in Lebanon can advance its interests without one, but it also devoted resources to building a social service network to help poor Shiites.

By invading Lebanon in 1982, Israel gave Hezbollah an external target. An Israeli withdrawal may result in Hezbollah's turning its attention to its original goals of improving the lot of Shiites in Lebanon and trying to impose an Islamic regime on that country.

Sheikh Mohammed Hussein Fadlallah, Hezbollah's spiritual leader, has demonstrated that assuming power in Lebanon is important to him. In spite of his previous ruling that Islam and democracy cannot be reconciled, he allowed Hezbollah to participate in the 1992 parliamentary elections. All eight Hezbollah candidates were elected to Parliament, becoming the largest single bloc.

Will taking part in the political game moderate Hezbollah? It's hard to say. But there is no question that politics will keep Hezbollah busy. Turning Lebanon, a corrupt, bourgeois, Westernized country, into an Islamic republic run by ayatollahs is an ambitious program that could take years to realize. And maybe, instead of Lebanon's being "Hezbollahized," Hezbollah might be "Lebanonized."

The writer is a retired colonel in the Israeli Air Force and a former director of the Israeli government press office. He contributed this comment to the International Herald Tribune.

## IN OUR PAGES: 100, 75 AND 50 YEARS AGO

### 1898: British Threat

YOKOHAMA — A Peking despatch says: "England has notified China that if the lease of Wei-Hai-Wei is refused, the British fleet will seize Port Arthur, regardless of Russia's lease. The fleet now assembling at Chefoo will consist of twenty-nine ships. Several English cruisers are already at and near Port Arthur." It is now probable that Japan will make no effort to prevent England taking possession of Wei-Hai-Wei.

### 1923: Soviet Savagery

PARIS — [The Herald says in an Editorial:] If there existed a Russian Isaiah or Jeremiah he would now be the mouthpiece of destiny in denouncing the savagery of his Bolshevik countrymen. A fate of that description surely awaits the official slayers of the venerable Catholic Vicar-General of Pet-

rograd, after their defiance of all the Christian powers. It is not likely that the civilized Powers will make war upon Russia simply because her rulers have demonstrated that they are enemies of mankind. But the Russian Soviet may as well abandon all hope of recognition by any self-respecting nation.

### 1948: War Crimes Trial

THE HAGUE — The death penalty was asked against Hans Alwin Rauter, chief of the German security police, charged with war crimes committed in the Netherlands during the occupation. The prosecutor said: "The Dutch people saw Rauter as their greatest war criminal" who was responsible for the deportation of 11,000 Jews, of whom 6,000 returned. Rauter defended himself by saying he acted as a soldier and a personal representative of Heinrich Himmler, only executing orders from Berlin.

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## The Ease of the Night: A Casual Attitude In New York Fashion

By Suzy Menkes  
International Herald Tribune

**N**EW YORK — With the revival of "Cabaret" the hot ticket on Broadway, you might expect a flood tide of sexy, slinky, sophisticated dresses in the fall shows. Instead, the fashion story is in the ease of the night.

The sweater shrugged over a ball skirt — an all-American classic — is back on the runways. And designers who were once known for uptown embellishment are giving their collections a new casual attitude.

It was all summed up by Oscar de la Renta's cream satin sports top worn with black broadtail pants as a key evening statement. The designer had also traded dressy and opulent jackets for the simplicity of a cashmere cardigan. Sure it came trimmed with sable. Or chinchilla. Or mink dyed rose pink and electric blue. But however luxurious, nighttime glamour has loosened up.

De la Renta didn't exactly go downtown, but there was a bohemian, rich hippie undertone to a collection that was shown against a backdrop of a Russian winter palace with autumn leaves rustling on the runway. Those russet foliage colors were picked up in velvet patchworks for coat and tunic with pants.

**A**T the heart of the show were rich and ritzy fabrics, from the double-faced wools through fur that came as brief boleros with ballooning sleeves or as a generous trim. With most of the shades neutral, a gray cashmere twinset, trimmed with chinchilla and worn over a long satin skirt, had a throwaway dash.

"Luxury with understatement," said de la Renta, whose clients raved over the sweater dressing with lashings of fur. All except one: Ivana Trump, dressed to the nines in an bourgeois Thierry Mugler suit.

"Less of the cardigans and more of the glamour!" she said.

How long has Bill Blass been pairing a cashmere sweater with an evening skirt? "About 40 years," replied the designer, who made the look seem fresh when a big and bold black sweater went over a scarlet skirt. That red was a gauntlet of bright color thrown down in a fashion season of neutrals. The opening six outfits, from bouclé coat with sporty drawstring belt through a zippered jacket and a crisp pea coat all came up scarlet, setting off the ubiquitous gray flannel.

In fact, Blass proved how versatile he is as a designer by using old gold corduroy and a seductive mix of camel with sky blue, and sending out a series of his signature checked tweed suits, rather than sticking to the beaten fabric path.

Sometimes the collection seemed a redux of European ideas, like the Aztec tapestry print courtesy of John Galiano. But



Oscar de la Renta's fur-trimmed sweater set and satin skirt.

chinoiserie reworked as a sporty press-stud jacket with bordeaux corduroy collar seemed fresh. And for evening, Blass tossed off those sweater-and-skirt combos, of one-shoulder knits and slender lacy skirts, like the fashion pro he is.

So evening dressing is easy. But what if a Hollywood type is in desperate need of a gown?

Badgley Mischka to the rescue! The designer duo is making a specialty of re-creating modern glamour with a vintage touch. A frozen forest of silvered trees was an enchanted background for slender dresses touched with a boar's head of embellishment. Antique glass beads formed droplets on lacy jackets; crystal, metallic embroidery or caviar pearls of jet clung to the slender silhouettes. Yet for all the diverse decoration, the overall effect was surprisingly unfussy.

The secret was in the muted, moonbeam colors and in the simplicity of shapes that shadowed the body rather than outlining the curves. As they stepped out swinging tiny embellished purses, the models showed Badgley Mischka, without being especially original, to be masters of an evening genre.

Now that the lines between day and night have blurred, an insouciant mix of rich fabrics also seems modern. Rifat Ozbek's program notes were just a hand-painted card depicting a Turkish woman reclining in her decorative finery. It was a signal that the designer had gone back to his ethnic roots, producing an Oriental mix of print, color and texture. Cape shapes and slit sleeves added a whiff of medieval romance.

## The Story of the 'Unknown' Collectors Dealers Say Americans Are Entering New Territory: China

Souren Melikian  
International Herald Tribune

**N**EW YORK — Chinese art is looming ever larger in the Western psyche, but nowhere as large as in the United States. This was spectacularly demonstrated recently at auctions, at the Asian Fair that ended Wednesday and in the continuing shows put up in town by the most powerful dealers in the field.

At Sotheby's March 24 auction, more than half the lots went to Americans, said James Godfrey, director of the Chinese art department. Collectors who had not been known to take an interest in the Far East were stepping into new territory. A remarkable cast-iron figure of a demon dating from the 13th or 14th century was thus bought for \$96,000 by an American collector.

A day later at Christie's, Americans were nuch in evidence. One of the finest bronzes, a wine ewer of the fifth or fourth century B.C. that sold for \$90,500, is now on its way to the West Coast. The very rarest porcelain piece, a 14th-century blue-and-white stem cup with a single dragon painted in dark blue went to a collector from the Northeast, at a cost of \$200,500.

Dealers told similar stories. Giuseppe Eskenazi, whose sales of objects d'art and sculpture by April 1 exceeded \$7.5 million — more than at Sotheby's (\$6.96 million) or Christie's (\$6.79 million) — marveled at the sophistication of buyers previously unknown to him who came in "off the street." One of the great works of art seen this month in New York, the figure of a Tang rider in polychrome pottery, went to an art lover from Arizona. A man from Illinois could not resist a gilt-bronze figure of a bear ferociously roaring, while a Texan settled for a \$90,000 gilt-bronze chimera of the third or fourth century. Add a fourth newcomer, who bought a striking \$145,000 gilt-bronze dragon of the sixth or seventh century, and no wonder Eskenazi was impressed by the surge of new buyers.

This experience was shared by the New York collector-dealer James Lally. Born in Boston, and educated at Harvard, Lally headed Sotheby's Chinese art department for years and knows just about every established collector. Yet, he too sold pieces to buyers with whom he had never dealt. One of his rarest pieces, a green glazed Yue pottery figure of a man riding a chimera, probably of the third century, went to a New Yorker whose involvement in Chinese art is fairly recent.

This readiness to look at a wide range of works of art is typical of a small elite of American collectors.

Perhaps the most remarkable among them lives on the Eastern Seaboard. Equally at home with Guardi, Cezanne or medieval champlevé enamel, he turned to Chinese art within the last decade. The extraordinary bronze rapir of the sixth or fifth century B.C. — which was on loan to the Victoria & Albert Museum in London from 1991 to 1995 and which was a part of the Eskenazi show at 28 East 88th St. until Saturday — is now his, at a price rumored to have exceeded \$2.5 million.

It was also he who bought from Gisele Croes of Brussels, shortly before the Asian Fair opened, the unique Han bronze tree with swirling boughs (\$1.5 million) and the \$2 million silver inlaid food bowl of the fifth or fourth century B.C., among the most

head of a Buddha that was seen in the 1982 Metropolitan Museum show of the Morse Collection.

In earlier times, Chinese collectors (and dealers catering to them) refrained from touching fragments from religious monuments, perceived as desecrated or as colonial loot by those who were not Buddhists. Shifting their ground, the Taiwanese began to buy Buddhist sculpture in the late 1980s as a way of recovering their lost heritage. Soon they extended their new buying policy to previously taboo funerary figures and vessels.

On March 25 at Christie's the trend could be observed in full swing — Theow-Huang Tow, the international director of Christie's Chinese art departments, may have had something to do with it. A magnificent Shang bronze vessel of the gu type cost a Taiwan collector \$55,200. Half an hour later, Li Yin, the buyer of the stone Buddha head, set his sights on a Ming-period bronze figure of the seated Guan-yin, 213 centimeters (84 inches) high. He paid \$310,500, underbid by the Hong Kong dealer Jacky Leung. The return of Hong Kong to China may contribute to accelerating the movement to mainland China where it started slowly three or four years ago.

Hong Kong residents were certainly very active. A private buyer acquired the most expensive bit of Chinese furniture sold at auction last week, a \$244,500 pair of 17th-century huangbuali wood cabinets admirable in the purity of their architectural design. Another Hong Kong collector carried off an enameled snuff box decorated with a European subject, apparently for court use — the four-character seal mark of Qianlong (1736-1795) is visible on the underside. The tiny piece, 4.6 centimeters high, cost a hefty \$96,000.

Even the Japanese have not fully retreated from the Chinese art market. While some are selling, others are buying. The fabulous celadon dish with scalloped rim dating from the 14th or early 15th century that graced the T.T. Tsui Museum in Hong Kong until 1995 went to a Japanese collector who paid \$29,900 to get his coveted prey.

With this four-pronged base — the United States, Europe, the Chinese world and Japan, where collecting Chinese art has been part of its history since at least the fifth century B.C. — Chinese art is bound to stay on an ascending course. China is increasingly frowning upon illicit digging. At the Asian Fair, a leading dealer was struck by two Chinese men who walked around and gazed at some excavated works, looking "really annoyed." Already, the flow of excavated masterpieces has slowed. The day it stops, the prices of early bronzes and pottery will explode.



A cast-iron figure of a seated demon was sold by Sotheby's at its March 24 auction.

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# Solidarity Abounds at Asia-Europe Summit

By Barry James  
International Herald Tribune

LONDON — Prime Minister Tony Blair pledged Europe's support Friday to help Asia through its economic troubles, saying it would "stick by" Asian nations in their financial crisis.

Mr. Blair, in a speech opening a two-day conference of leaders from Asia and Europe, said Europe could not afford to turn its back on Asia in a time of financial turmoil.

"We are not fair-weather friends," said Mr. Blair, whose nation holds the presidency of the European Union until June, "but partners for the long term."

ready to stick by Asia through thick and thin." Matching Mr. Blair's positive rhetoric, Prime Minister Ryutaro Hashimoto of Japan said that the fundamental strength of Asian economies "runs deep," and he pledged that Japan would take the "necessary economic measures" to put its own house in order and aid its neighbors.

Mr. Hashimoto, acknowledging that major concerns were being voiced about the health of the Japanese economy, said: "I would like to clearly state the following facts. First of all, the fundamental strength of the Asian economy runs deep. The current difficulties will be overcome in the not too distant fu-

ture, and Asia will most certainly return to a path of growth. The worst has come and gone, and we are now seeing new steps forward."

Second, he said, "Japan will take the necessary economic measures and, at the same time, provide assistance to the countries of Asia as well."

European Union leaders attending the meeting were "satisfied that the fundamentals are strong" in Japan, said Alastair Campbell, spokesman for Mr. Blair. "They do not believe that the Japanese economy is on the brink of collapse," he said, adding that "they have confidence in the ability of the Japanese people to work their way out"

of the economic crisis.

The Asia-Europe summit meeting of 25 nations is an encore to a 1996 meeting in Bangkok, held under drastically different conditions. Then, the Asian economies were riding high.

Several European and Asian leaders, particularly those from Belgium and Malaysia, spoke of the need to reduce what a European Commission spokeswoman described as "the vulnerability of domestic financial systems to potential shocks, including speculation-induced instability."

Asked if this meant that the leaders



Prime Minister Costas Simitis of Greece, left, conferring with Indonesia's vice president, B.J. Habibie, Friday at the Asia-Europe session in London.

See SUMMIT, Page 13

## Jakarta Nears Agreement With IMF

Compiled by The Staff from Reuters

JAKARTA — A deal to help Indonesia overcome its worst economic crisis in three decades probably will be struck next week, the deputy director of the International Monetary Fund said Friday.

Deputy Managing Director Stanley Fischer emerged from talks with President Suharto confident that a letter of intent covering the renegotiated terms for a \$43 billion bailout would be signed soon. If so, the IMF will release a delayed, \$3 billion installment of aid about two weeks later, he said.

The fund withheld the scheduled payment of that installment last month, concerned that Indonesia was not living up to promises to implement tough economic reforms. Talks snagged on a framework to deal with corporate debt, Mr. Fischer said.

As talks between Indonesia and the IMF dragged through their third week, Mr. Fischer said there were details yet to be resolved.

"None of them is very far from a solution, possibly with the exception of the corporate debt," Mr. Fischer said.

Students have grown increasingly frustrated with the government's delays in making economic and political reforms, staging a second straight day of violent protests at the Gadjah Mada University in Yogyakarta, 250 miles (400 kilometers) east of Jakarta.

Riot police and soldiers chased and beat protesters at the university Friday, firing tear gas to stop stone-throwing students from marching into the streets, witnesses said.

At least 20 of the estimated 5,000 protesters were injured.

Negotiations to revise the IMF bailout started after Mr. Suharto complained that the reforms were not working and had only made life harder for millions of people.

It will be the third time the IMF and Indonesia, the world's fourth most populous nation, have signed an agreement covering the bailout program. The \$43 billion rescue plan originally was signed late last year after the United States, Japan and others pledged assistance.

It was revised and strengthened in January after economic conditions deteriorated amid fears in the markets that Indonesia was backsliding on reform commitments. Similar fears in February prompted the latest changes.

Mr. Fischer's confidence was tempered by a warning from his boss, the managing director of the IMF, Michel Camdessus, who warned that the Fund could pull out of Indonesia in the absence of any agreement.

Asked whether the IMF would withdraw in such circumstances, Mr. Camdessus said: "Of course, yes."

"It is urgently important to get Indonesia's reform program back on track to strengthen the rupiah before hyperinflation sets in," he said after Jakarta revealed that inflation for the first quarter of the year was some 25 percent.

But markets got a boost from Mr. Fischer's remarks, with the Jakarta composite stock index rising 3.3 percent, to 533.30. The rupiah was steady at about 8,600 to the dollar.

Indonesia's foreign debt obligations stood at \$137.4 billion at the end of last year, with the private sector accounting for \$73.9 billion of the total.

Mr. Fischer said Indonesia was working on a debt plan similar to that used successfully by Mexico in the 1980s. Under that model, the government would provide a controlled foreign-exchange facility to cash-strapped local companies, while foreign lenders would agree to a unspecified rollover period. "Individual creditors and debtors get together on a case-by-case basis and apply that framework for each company," he said.

It remains unclear whether Jakarta would provide foreign exchange at a subsidized rate. It also is uncertain how long foreign lenders would be willing to roll over their Indonesian loans.

Radiu Prawiro, Indonesian presidential adviser, was upbeat about the talks and played down the debt obstacle.

"Actually, the talks have not been very tough," he was quoted by the official Antara news agency as saying. "But they took time because there were substantial issues that had to be discussed and they happened to be the private corporate foreign debt."

Mr. Fischer said he and Mr. Suharto had discussed the negotiations and the progress being made, adding that there was "support by the president for the basic outline of the program."

Mr. Suharto, citing health reasons, skipped the 25-nation Asia-Europe Meeting taking place in London and sent Vice President B. J. Habibie in his place. (AP, AFP)

## ECONOMIC SCENE



Marzena Warchol in front of her stand at the Europa bazaar in Warsaw, where business has been declining.

## Poland's 'Ants' Decry Curb on Bazaars

Once Mainstay of Economy, Markets Wither Under EU Regulations

By Peter S. Green  
International Herald Tribune

WARSAW — From the confines of stall No. 21 in the sprawling Europa bazaar at Warsaw's 10th Anniversary Stadium, Marzena Warchol has a good view of the inner workings of Poland's fifth-largest export industry.

Bundled against early-morning snow flurries in a shearling bomber jacket, the 23-year-old economics student looked at the dresses and skirts in her half-empty stall, at the empty alleyways around her and at her meager takings for the day.

As Poland embarked in the early 1990s on a path of painful free-market reforms, bazaars such as Europa and others on Poland's borders with the former Soviet Union and Germany pumped vast amounts of money into the country, creating a shadow economy that helped keep Poland afloat.

But in January, Poland responded to a request from the European Union to help fight crime by tightening its border with neighboring Russia and Belarus and imposed stricter visa rules.

Requiring advance payment for room and board eliminated overnight many of the small traders who had made the bazaars into motors of the Polish economy as they poured over the border from the former Soviet Union to take Polish and other low-priced clothing, electronics goods and cosmetics back to markets starved for consumer goods.

Polish traders near Belarus blocked the border in protest against the new visa rules, and Warsaw was forced to backtrack. The rules were eased, but the Easterners have not come back. Many Polish traders still blame the government, asking why the EU, which is supposed to bring Poland prosperity,

is bringing it hardship instead.

But Miss Warchol, who is studying for a degree in economics, says nothing will bring back the Easterners.

After eight years, she says, the market is saturated. Her family has had the stand for nearly four years, paying 2,000 to 3,000 zloty (\$580 to \$872) a month in rent and doing four times that much in business from the stand, selling women's clothing designed and made in a small workshop her mother owns on the outskirts of Warsaw.

"When they opened the border, our friends from the East came and bought everything, good or bad; they didn't distinguish," she said. "Now, like every market does, it's gotten saturated, and they are looking for better quality and better prices."

"Our profits are falling because we have to lower our margins to keep the merchandise moving. It's a very competitive environment."

At a mobile snack bar nearby, the windows are piled high with breaded pork chops, mushroom crepes and other delicacies. Zbigniew, the owner, says his business was off by half this winter, mainly because of the visa problem.

"Three-fourths of my customers are guys from the East," he said, "and they're the ones we make a profit on, because they have to eat here. The Poles just go home for lunch."

At the bus depot by the market's gate, dispatchers said only two half-empty buses now made the daily trip to Minsk, instead of the three dozen or so buses that used to run the route.

Bohdan Wyzniakiewicz of the Gdansk Institute for Market Economics, who recently issued a report on the bazaar trade, said that while the bazaar traders may be suffering, Poland as a whole had not lost its Eastern markets. "Probably, the total amount of trade between Poland and the East is not

diminishing," Mr. Wyzniakiewicz said. "Only the structure is changing." The "ants," as he calls the small traders, created tremendous consumer demand in Belarus and elsewhere, and now, he says, larger traders are taking over. They go directly to manufacturers, cutting out the bazaar middlemen.

"Practically, the amount of foreign currency being exchanged here has not changed over 12 months ago, so probably someone else is taking up the slack," Mr. Wyzniakiewicz said.

That's a lot of slack. A government study found that bazaars and other "unofficial trade" brought in a \$6.06 billion trade surplus last year, offsetting more than half of the country's official trade deficit of \$11.3 billion.

Mr. Wyzniakiewicz's study also found that 89 percent of the goods sold in the markets had been made in Poland, mainly by small private companies.

Economists and government officials agree that bazaar trade is suffering, but they argue that this is a necessary part of Poland's economic transformation.

"This phenomenon is temporary, so it should serve these traders as a source of capital accumulation," Mr. Wyzniakiewicz said. Then, he said, they could invest their capital in more legitimate businesses.

Piotr Nowina-Knopka, state secretary at Poland's Commission on European Integration, said Poland had to maintain its trade links with the East but at the same time to bring the trade out of the shadows and into the legitimate economy, where taxes would be paid on it.

Poland sees itself as the EU's "transmission belt" to the East, he said. "We speak Russian, we know how to drink vodka with the Russians, we understand their situation better than the Italians or even the Germans can."

## CURRENCY & INTEREST RATES

April 3 Libid-Libor Rates									
	1-month	3-month	6-month	9-month	1-year	2-year	3-year	5-year	10-year
Australia	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Canada	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
France	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Germany	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Italy	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Japan	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
UK	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
US	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Other Dollar Values									
Argentine peso	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Australian \$	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Belgian franc	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
British pound	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Canadian dollar	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Chinese yuan	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Costa Rican colón	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Czech koruna	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Danish krone	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Deutsche mark	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Forward Rates									
Canada	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
France	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Germany	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Italy	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Japan	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
UK	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
US	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00

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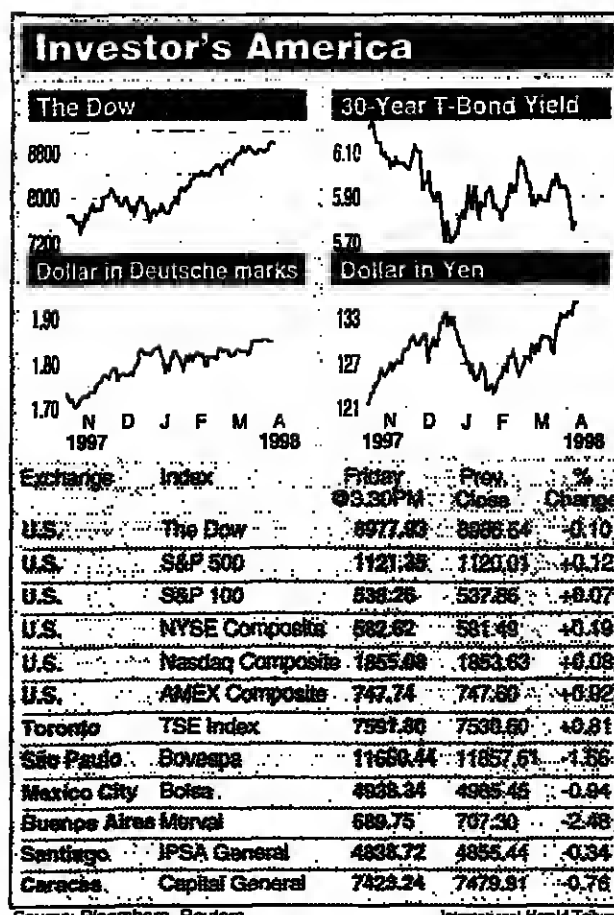
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## THE AMERICAS



## Very briefly:

- Fidelity Investments, the world's biggest mutual-fund company, said net income rose 27 percent last year to a record \$535.6 million, bolstered by profit from sales including a stake in a telecommunications company, a credit-card business and a chain of art galleries.
- Sunbeam Corp. shares were off 22 percent, or \$10.125, at \$35.4375 in late trading after the company posted a 5 percent drop in first-quarter sales and fired its head of consumer products.
- Dell Computer Corp., America's largest direct seller of personal computers, agreed to pay an \$800,000 penalty to the Federal Trade Commission for failing to include a software package as promised in ads for its desktop computers.
- Zenith Electronics Corp. will dismiss 400 of the 2,300 workers at a picture-tube plant, or 4 percent of its total work force; the television maker reported a big 1997 loss this week that raised doubts about its ability to survive.
- Astoria Financial Corp. agreed to buy Long Island Bancorp. Inc. for about \$1.8 billion in stock, creating the second-largest banking company on New York's Long Island, after Chase Manhattan Corp.

## Carnival Corp. to Buy Cunard

MIAMI — Carnival Corp. said Friday that it and a group of investors would buy the Cunard cruise ship line from the Norwegian shipbuilder Kvaerner ASA for \$500 million, creating what it said would be the world's largest luxury cruise line.

Carnival, a Miami-based cruise operator, said it would merge Cunard with Seaborn Cruise Line, which Carnival owns in partnership with the Norwegian entrepreneur Aile Brynstad. Among Cunard's cruise ships is the Queen Elizabeth 2 and Royal Viking Sun. Carnival shares rose \$2.125 to \$74.125 in late trading. (Bloomberg, Reuters)

## GTE Shares Rise on News Of Shake-Up

By Seth Schiesel  
New York Times Service

NEW YORK — GTE Corp. warned that it would post a loss for the first quarter and sell billions in assets as the big local telephone company continued to remake itself to compete in the increasingly hectic telecommunications industry.

The company also said Thursday that it had formally withdrawn its offer to acquire MCI Communications Corp., the No. 2 long-distance provider, for \$28 billion in cash. Many analysts already considered GTE's offer moot because MCI's shareholders last month approved a rival \$37 billion bid for the company from WorldCom Inc.

But GTE's offer technically remained on the table, partly because the MCI-WorldCom deal has not won approval from regulators. By formally withdrawing its offer, GTE could assuage investors who had worried that acquiring a company of MCI's size would seriously harm GTE's financial results over the next few years.

On Friday, GTE's stock was up \$1.375 in late trading at \$61.8125 on news of its reorganization. The company announced its plans after the stock market closed Thursday.

The company said it would take an after-tax charge of \$802 million to reflect the costs of an obscure Canadian accounting change, previously announced staff reductions and aborted experiments in advanced video services.

Over the last six months GTE has announced that it would reduce its work force of 114,000 by about 1,500 positions, or about 1.3 percent. Many of those jobs will be cut from the company's wireless operation and as a result of the company's headquarters relocation from Stamford, Connecticut, to Irving, Texas, near Dallas.

GTE said Thursday that the job cuts would help the company reduce its annual costs by \$500 million by the spring of 2000.

The company also planned to reap between \$2 billion and \$3 billion by selling underperforming operations. Most of that money would come from the sale of between 1.1 million and 1.7 million of GTE's 21 million local phone lines to other carriers.

GTE provides local phone service in 28 states. People close to the company said the sales would be concentrated in 10 of those states.

## Dollar Gains on Yen but Slips Against Mark

NEW YORK — The dollar was higher Friday against the yen, lifted by turmoil in the Japanese economy, but it was off against the Deutsche mark and most other European currencies as U.S. employment figures pointed to a slowing economy.

The dollar was at 135.10 yen in 3 P.M. trading, up from 133.45 yen at the close Thursday.

The Labor Department figures, showing a drop of 36,000 in non-farm payrolls and an increase in the jobless rate to 4.7 percent from 4.6 percent, surprised the market, where expectations were for a rise of 250,000 jobs and an unchanged unemployment rate.

But the effects of the data should

be short-lived, according to Lisa Finstrom, a currency analyst at Smith Barney. She said she believed that there had been "above-normal" job creation in recent months and that the new figures were "just seasonal."

## FOREIGN EXCHANGE

"We're still looking at a strong economy," she said, adding, "If we do get more signs of slowing in the next few months, the dollar might decline on European currencies."

Chris Iggo, an economist for Barclays Capital, said the number might be revised higher and therefore probably would not lead Fed policymakers to cut interest rates.

The dollar was also at 1.8472

DM, down from 1.8538 DM on Thursday, at 1.5243 Swiss francs, down from 1.5330 francs, and 6.1913 French francs, down from 6.2121 francs. The pound was at \$1.6595, down from \$1.6635.

Earlier in Tokyo, the dollar rose to nearly a seven-year high against the yen as the Japanese currency reeled after the U.S. rating concern Moody's Investors Service Inc. cut its outlook for Japan's currency ratings from "stable" to "negative."

"Moody's was a big surprise," said Ms. Finstrom.

"G-7 and IMF leaders have been talking about the necessity of a reform for months. Now you see an important notation agency coming in. This increases the pressure on

Japan to do something," she said. Dealers said the market might move cautiously amid talk the Bank of Japan had been seen selling small amounts of dollars overnight via the electronic broking system.

Nonetheless, many dealers said chances of larger-scale market intervention were limited now, with the market so sure the dollar is going higher.

"It has been proven that the best thing central banks can do is smooth the moves and not reverse the market's direction," said John McCarthy, senior vice president at ING Barings Capital. Some dealers were talking about seeing the dollar near 140 yen in the coming weeks.

(Reuters, AFP)

## DOW: U.S. Stocks Breach the 9,000 Level for First Time

Continued from Page 1

Many analysts are saying that as long as inflation is low and interest rates maintain their downward bias, stock prices will continue to rise.

"U.S. financial markets have attracted interest from foreign investors who have been prompted to believe that rising inflation is not now a concern and that before the year is over, lower interest rates may provide additional help to the U.S. equity market — which is facing a near-term slowdown in corporate profit growth," said Alan Ackerman, executive vice president of Fehnstock & Co.

Profits have been rising even though companies have trouble raising prices for their goods and services. This can be explained by rising productivity at companies that have learned to use technology and new methods of doing business to increase the amount of money they keep from their sales.

Michael Holland, an asset manager in New York, said \$66 billion recently had flowed into the United States from Europe. Continental money managers, he added, had largely missed out on the Wall Street rally in recent years, and they were allocating money to the U.S. market even though their own equities are having a good year. "That's not an accident," he added.

In Denver, Michael Gerding, an international portfolio manager at Founders Funds, said he thought there were better values available in Europe than the United States, although he said prices would continue to rise on Wall Street until interest rates showed signs of rising.

"There is a relatively high amount of liquidity in the United

States that is chasing stocks," he said. "That is going to continue to happen."

A lot of this money is related to retirement investing.

David Hale, chief economist of Scudder Kemper Investments Inc., wrote in a recent study that only a few countries had well-funded private pension programs despite a demographic shift that means "the ratio of retired people to working people is poised to rise dramatically" in coming decades. This means that most state pension plans will be unable to pay the generation then at work to pay for their parents' retirement.

With Asia's markets and economies suffering from the currency crises that began last year, nervous investors have turned to Wall Street and the European markets for their stocks. The obvious effect of this demand has been to push market indicators like the Dow to a succession of records, but a more important consideration may be that stocks are highly valued by historical measures.

A key valuation is to compare stock prices with corporate earnings. The typical way this is calculated is to take a company's overall operating profit and divide it by the number of shares outstanding. Dividing the price of the stock by earnings per share provides the

price-to-earnings ratio, probably the most widely used valuation today.

According to Charles Hill, director of research at First Call Corp. in Boston, the stocks in the Standard & Poor's 500 index are trading at least 22 times their expected earnings for the coming year. That is well above the previous peaks in the last 30 years of 18.5 in 1991 and 18.1 in 1968, the latter a time that Mr. Hill said was similar to the current interest-rate environment.

Many analysts, bullish or bearish, say that with interest rates and inflation so low, the record valuations are sustainable. Some, however, say they are more indicative of the demand for stocks than of the intrinsic value of the shares.

According to the Bank Credit Analyst, a Montreal-based publication that tracks investment markets, the average prospective price-earnings ratio for the past 50 years was 12.

Martin Barnes, managing editor of the Bank Credit Analyst, said stocks in Europe and North America were trading at prices not justified by the fundamentals, by definition moving into the realm of speculative frenzy. Yet it is the nature of financial bubbles for prices to rise well beyond rational levels before they burst, and Mr. Barnes said stocks were probably not there yet.

"Go back to the situation of Japan in the mid-1980s," he said. "When the Nikkei first rose above 20,000, it started to look expensive," he said, but then it rose nearly to 40,000 points. At that time, he said, "people were trying to justify 40,000 as reasonable, but today we are back to 17,000."

■ **Indexes Hold Slight Gains**

The Dow was at 9,001.09 late

## Foothold in Brazil For Telecom Italia

Bloomberg News

BRASILIA — A group led by Telecom Italia SpA will pay \$20 million (about \$457 million) for the right to operate cellular phone service in the state of Minas Gerais as a result of the government's second mobile-phone auction in a week.

The price was 30 percent above the minimum set by the government. The Italian-led group will compete with Telecomunicações de Minas Gerais SA, the local state-controlled operator.

On Tuesday, the government sold a license to operate cellular phone services in the states of Rio de Janeiro and Espírito Santo to Algar, a Brazilian-South Korean group, for 1.5 billion reais.

Friday, up 14.45, with advancing issues outnumbering declining ones by an 8-to-7 ratio on the New York Stock Exchange, The Associated Press reported.

Broader market indicators also were higher. The Standard & Poor's 500-stock index was up 2.76 points at 1,122.77, and the Nasdaq composite index was up 3.12 points at 1,855.08.

Among the biggest winners were banking and financial services stocks. Bank of Boston, Chase Manhattan and Merrill Lynch were sharply higher. Bond prices also rose on the outlook for stable interest rates. The benchmark 30-year Treasury bond was at 104.30/32, up 30/32, pushing the yield down to 5.77 percent from 5.81 percent Thursday.

## AMEX

Friday's 3:45 P.M.  
The 300 most traded stocks of the day.  
The Associated Press.

Stock	High	Low	Open	Close
IBM	120.00	119.00	119.00	119.00
Microsoft	55.00	54.00	54.00	54.00
Apple	45.00	44.00	44.00	44.00
Oracle	35.00	34.00	34.00	34.00
Sun	25.00	24.00	24.00	24.00
HP	15.00	14.00	14.00	14.00
Intel	10.00	9.00	9.00	9.00
Motorola	8.00	7.00	7.00	7.00
Qualcomm	7.00	6.00	6.00	6.00
Lucent	6.00	5.00	5.00	5.00
Verizon	5.00	4.00	4.00	4.00
WorldCom	4.00	3.00	3.00	3.00
Earthlink	3.00	2.00	2.00	2.00
Excite	2.00	1.00	1.00	1.00
Hotmail	1.00	0.50	0.50	0.50
Comcast	0.50	0.25	0.25	0.25
Time Warner	0.25	0.10	0.10	0.10
News Corp.	0.10	0.05	0.05	0.05
Disney	0.05	0.02	0.02	0.02
Walt Disney	0.02	0.01	0.01	0.01
Amgen	0.01	0.00	0.00	0.00
Boehringer	0.00	0.00	0.00	0.00
Novartis	0.00	0.00	0.00	0.00
Schering	0.00	0.00	0.00	0.00
Merck	0.00	0.00	0.00	0.00
Pfizer	0.00	0.00	0.00	0.00
Johnson & Johnson	0.00	0.00	0.00	0.00
Glaxo	0.00	0.00	0.00	0.00
Novartis	0.00	0.00	0.00	0.00
Schering	0.00	0.00	0.00	0.00
Merck	0.00	0.00	0.00	0.00
Pfizer	0.00	0.00	0.00	0.00
Johnson & Johnson	0.00	0.00	0.00	0.00
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Pfizer	0.00	0.00	0.00	0.00
Johnson & Johnson	0.00	0.00	0.00	0.00
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Novartis	0.00	0.00	0.00	0.00
Schering	0.00	0.00	0.00	0.00
Merck	0.00	0.00	0.00	0.00
Pfizer	0.00	0.00	0.00	0.00
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Johnson & Johnson	0.00	0.00	0.00	0.00
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Schering	0.00	0.00	0.00	0.00
Merck	0.00	0.00	0.00	0.00
Pfizer	0.00	0.00	0.00	0.00
Johnson & Johnson	0.00	0.00	0.00	0.00
Glaxo	0.00	0.00	0.00	0.00
Novartis	0.00	0.00	0.00	0.00
Schering	0.00	0.00	0.00	0.00
Merck	0.00	0.00	0.00	0.00
Pfizer	0.00	0.00	0.00	0.00
Johnson & Johnson	0.00	0.00	0.00	0.00
Glaxo	0.00	0.00	0.00	0.00
Novartis	0.00	0.00	0.00	0.00
Schering	0.00	0.00	0.00	0.00
Merck	0.00	0.00	0.00	0.00
Pfizer	0.00	0.00	0.00	0.00
Johnson & Johnson	0.00	0.00	0.00	0.00
Glaxo	0.00	0.00	0.00	0.00
Novartis	0.00	0.00	0.00	0.00
Schering	0.00	0.00	0.00	0.00
Merck	0.00	0.00	0.00	0.00</















The 1,000 most traded National Market securities in terms of dollar value, updated twice a year.  
The Associated Press

1900	1901	1902	1903	1904	1905	1906	1907	1908	1909	1910	1911	1912	1913	1914	1915	1916	1917	1918	1919	1920	1921	1922	1923	1924	1925	1926	1927	1928	1929	1930	1931	1932	1933	1934	1935	1936	1937	1938	1939	1940	1941	1942	1943	1944	1945	1946	1947	1948	1949	1950	1951	1952	1953	1954	1955	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064	2065	2066	2067	2068	2069	2070	2071	2072	2073	2074	2075	2076	2077	2078	2079	2080	2081	2082	2083	2084	2085	2086	2087	2088	2089	2090	2091	2092	2093	2094	2095	2096	2097	2098	2099	2100
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# Excellence Endures in a Few Stables of Closed-End-Fund Stability

By Aline Sullivan

**I**NVESTING in closed-end funds is like betting on thoroughbred horse races. The same names keep cropping up among the winners.

At first glance, dark horses appear to be the best-performing closed-end funds. So far this year, the top seven of the 500 U.S.-domestic funds ranked by Lipper Analytical Services came from nowhere. They ranked in the bottom quarter over the past one, three and five years. But all are Asian single-country funds: four invest in South Korea, two in Thailand and one in Taiwan. They look good now because they did so badly before.

Investors looking for a more certain bet will find that the field is dominated fairly consistently by a dozen or so investment houses. Templeton Investment Management, Salomon Brothers Asset Management, Invesco Asset Management, Morgan Stanley Asset Management, Alliance Capital Management and Robert Fleming & Co. are those most frequently mentioned by industry analysts. Templeton generates the most enthusiasm.

"Templeton really personifies what is good about foreign closed-end fund investment," said Michael Porter, a managing director and the closed-end fund specialist at Salomon Smith Barney in New York. "There is a system, philosophy and a performance record there that makes investors feel good about the house."

Thomas J. Herzfeld, director of Thomas J. Herzfeld Advisors Inc. in Miami, agreed.

"Investors can have a certain comfort in investing with a firm that has been at it a long time and achieved a long-term

success," he said. "We are great fans of Templeton, particularly of Mark Mobius."

Mr. Mobius's \$342 million Emerging Markets Fund has, on average, placed in the top third of Herzfeld's ranking of U.S.-domestic foreign funds over the past eight years.

Franklin Templeton, which has \$232 billion under management, runs 12 U.S.-domestic closed-end funds. Like other companies of its size, Templeton has the breadth — or "deep enough back bench," as one analyst described it — to change managers and objectives if need be.

That breadth can backfire, however. Some shareholders in Templeton's \$43 million Vietnam Opportunity fund are suing the fund and Mr. Mobius for plunging into Thai stocks just before the country's currency crisis. In a class-action lawsuit filed in Florida, they charge the fund and its manager with securities-law violations and breach of fiduciary duty.

The shareholders claim that the fund incurred huge losses by boosting its Thai holdings tenfold in the six months to September 1997 to account for 30 percent of the total, almost twice the proportion of its investments in what remained the stubbornly undeveloped market of Vietnam.

In January, Templeton bought back 3.8 million shares, or 44 percent of the total, at \$7.77 each, well down from the price of \$12.37 on Oct. 10. The shareholders argue that the fund could have saved \$30 million in those three months had they been allowed to vote on liquidating the fund.

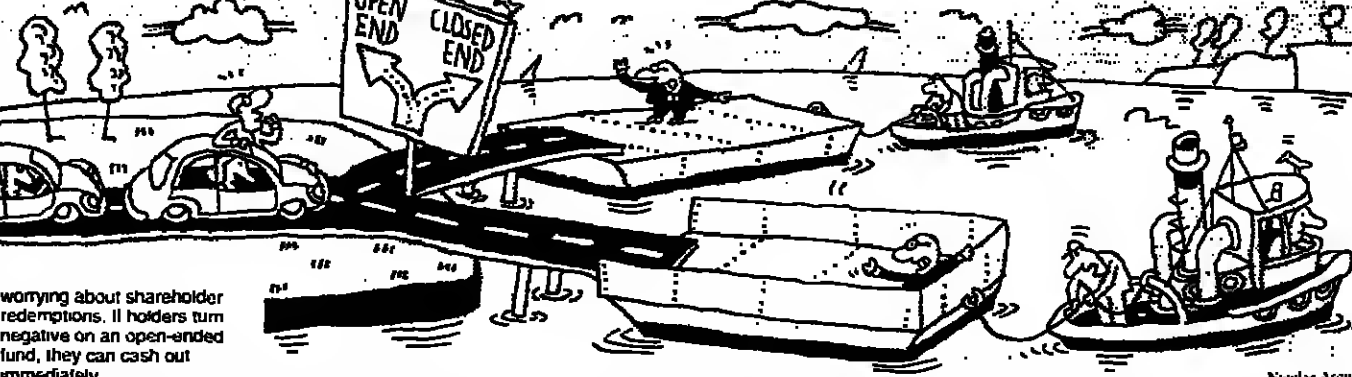
Like many of its counterparts, however, the fund has produced a strong — 18.6 percent — return so far this year.

Shareholders in the Vietnam fund are scheduled to vote April 23 on changing its name to the Vietnam & Southeast Asia fund and on broadening its objective.

This week, The Money Report takes a look at closed-end mutual funds, an interesting and often-mysterious part of the financial markets. Like their open-end cousins, they are companies that invest in a variety of financial instruments — such as stocks and bonds — to create portfolios for their own shareholders.

Unlike open-ended funds, however, the closed-end varieties do not continuously create and redeem shares for investors. In this, they are similar to regular public companies, which issue stock that is listed on an exchange or traded over the counter. People who want to invest in a company — or a closed-end fund — generally buy and sell shares through a broker.

One advantage of the closed-end structure is that the manager of such a fund can make investments without



worrying about shareholder redemptions. If holders turn negative on an open-ended fund, they can cash out immediately.

In times of market turmoil, they could mean that an open-ended fund manager must sell holdings, perhaps at prices that are only temporarily depressed, to raise cash to meet redemptions. But a closed-end fund could be buying those distressed securities at bargain prices, immune from the

market's daily swings. Another ramification of the relative stability of closed-end funds is that they are a suitable vehicle for investing in illiquid markets, either for exotic securities or hard-to-enter markets.

This gives rise to a quirk of closed-end funds: The combined price of all their shares may be quite different from the value of their investment portfolio.

The investment portfolio divided by the number of outstanding shares gives the net-asset value. Investors are sometimes so anxious to buy shares in a closed-end fund

that they are willing to pay more than the NAV. For example, shares in some closed-end funds that target the depressed Asian stock markets are currently trading at premiums, although whether this is because investors are betting on a rapid recovery is a matter of debate.

Closed-end funds often trade at discounts to their NAVs. For investors who think the discounts will narrow, this can present trading opportunities. But sometimes it can force funds to convert to open-end status, immediately raising the price of the shares to the net-asset value.

Salomon funds, as a group, also tend to be reliable. Salomon's Emerging Market Income fund ranks among the top 10 U.S.-domestic closed-end funds over the past three and five years, according to Lipper. Other top performers in its stable include the 2008 Worldwide Dollar Fund, the Worldwide Income Fund and Salomon Brothers Fund.

Other strong houses include Scudder Stevens & Clark and John Hancock Advisors. Bank Julius Baer & Co.'s European Warrani Fund is in a class by itself. The \$250 million fund, which invests in equity and index warrants of West European issuers, is the ninth-best-performing fund so far this year and the top performer of the past 12 months, three years and five years.

Industry analysts credit its success to the Zurich-based manager, Hans Ruedi Huber, who has run the fund since July 1992.

"It depends on the asset class," said Don Cassidy, senior research analyst at Lipper Analytical in Denver. "Some houses tend to manage good bond funds and others good equity funds. Some are better in the domestic arena, while others — such as Morgan Stanley, Templeton and Alliance Capital — do well internationally."

"But also look at the individual manager," he added. "Ultimately, it comes down to the person sitting in the chair."

Jon Teall, director of communications at Standard & Poor's Corp. in New York, cautioned that narrow asset classes or high-risk strategies, such as buying war-

rants, can drive performance up in bull markets but can also force it disproportionately lower when conditions change.

"Beyond a handful of extremely gifted persons working for a few well-known houses, it is the asset class that drives performance," he said. "The more narrowly you cut up the package, the more risk you take on."

Many of the best-run closed-end funds tend to trade at a premium to their net-asset value, making them unattractive to some potential investors.

"It may be blasphemous, but sometimes I would rather buy a fund run by a bad manager if the discount is attractive enough," Mr. Herzfeld said.

For further information, contact: ALLIANCE CAPITAL MANAGEMENT, Telephone: 1 212 969 1000, or toll-free in the United States, 1 800 221 5672, Web site: www.alliancecapital.com

BANK JULIUS BAER, Telephone: 212 297 5266, or toll-free in the United States, 1 800 357 6977, Web site: www.bankjuliusbaer.com

ROBERT FLEMING & CO. Telephone: 41 71 638 5858, Web site: www.fleming.com

JOHN HANCOCK ADVISORS, Telephone: 617 886 3000, collect calls accepted from abroad, or toll-free in the United States, 1 800 225 5281, Web site: www.jhancock.com/funds

THOMAS J. HERZFELD ADVISORS, Telephone: 305 271 1904, fax: 305 276 1040, mail address: Thomas J. Herzfeld, Miami, Florida, 33176, Herzfeld sells "Encyclopedia of Closed-End Funds," with information about 460 closed-end funds. It costs \$135.

INVESTCO ASSET MANAGEMENT, Telephone: 44 171 354 3135, or toll-free in Britain, 0800 010 333, Web site: www.investco.com

MORGAN STANLEY ASSET MANAGEMENT, Telephone: 1 617 557 8000, or toll-free in the United States, 1 800 548 7766, Web site: www.msc.com

SCUDDER STEVENS & CLARK, Telephone: 617 295 1000, or toll-free in the United States, 1 800 225 2470, Web site: www.scudderfunds.com

TEMPLETON INVESTMENT MANAGEMENT, Telephone: 1 814 527 7500, or toll-free in the United States, 1 800 342 2236, Web site: www.templeton.com

## In Volatile Asia, an Abundance of Perils and a Window of Novel Opportunity

### Outlook Is Dismal For Closed-End Funds In Hard-Hit Region

By Philip Segal

**A**LTHOUGH there are some closed-end funds in Asia still worth looking at, plenty of others in the region have outlived their usefulness.

One closed-end manager who also runs an open-end fund investing in the same Asian country went so far as to question why anyone would bother with closed-end funds today, calling them "a resoundingly disappointing way to invest."

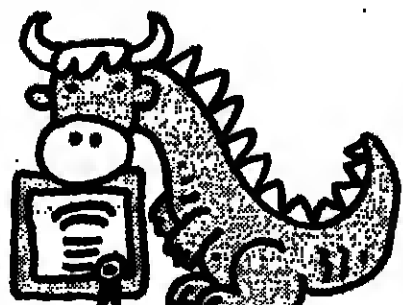
That is often, but not always, the case. It was once difficult to buy Thai or Hong Kong stocks in significant amounts, and single-country closed-end funds were worth a look. But it now seems odd that anyone wishing to sell a fund of highly liquid stocks should consider doing so at a discount to net-asset value — unless of course it was bought at an even deeper discount. Such opportunities exist but are increasingly more scarce.

Take the Greater China Fund, with a discount to NAV of 17 percent against a five-year average of 7 percent. Over three- and five-year periods ending Dec. 31, the fund's net-asset value had made it the second-best performer among China/Hong Kong/Taiwan funds, according to Lipper Analytical Services.

On the minus side, it holds easily available stocks traded in Hong Kong, such as Cheung Kong (Holdings) Ltd., China Resources Enterprise Ltd. and China Telecom (Hong Kong) Ltd.

The fund is currently at an attractive discount, but an investor has to consider where the discount will move when selling time arrives. But the fund was outperformed by an open-end competitor, HSBC PLC's GIF China Equity Fund.

On the other end of the liquidity scale, some Asian countries — such as Vietnam, which is still without a stock market — have proven to be such difficult business environments that funds invest-



Shawn Goldsberg

ing there, unable to find enough attractive assets to buy, have had to close.

The Lazard Freres Vietnam fund was liquidated a year ago, and Templeton's Vietnam country fund is facing a class-action suit by investors who say the managers are refusing to liquidate the fund after investing just 16 percent of its cash.

These are not the only funds that are winding up. As the Asian crisis grinds on, Jardine Fleming is rolling up its Asia Pacific Ltd. fund, listed in Australia, because its market price fell below 85 percent of NAV.

In the middle of the liquidity spectrum and better suited to closed-ends is Pakistan, which has a market featuring highly illiquid stocks in all but the top two or three companies on the Karachi exchange. Consider the Pakistan Investment Fund, which has traded at an average discount to NAV of 12 percent, but recently traded at a 15 percent discount.

There are still some attractive funds investing in the more-developed Asian markets. One is the New York-listed Asia Pacific Fund, which was rated "outperform" by Salomon Smith Barney on Feb. 2. Over the past five years, it has traded at an average premium to NAV of 17.9 percent, but recently was changing hands at a discount of 5.5 percent.

Over five years, the best strategy in owning this fund would have been to reinvest its dividends in the bond market. If these had been reinvested at 5 percent, total return would have been 32 percent.

Look also at the Martin Currie Pacific Trust, traded in London. At a 16 percent discount, this compares with a five-year discount average of 6.5 percent.

Another star performer is Taiwan

Fund Inc., recently trading at a 14 percent discount to NAV. This compares with a five-year average of a 1.3 percent premium. In five years, reinvesting the fund's disbursements would have made for a total return of 30 percent, but the fund pays out a lot of capital gains, which in many countries bring with them punishing taxes. Still, at year-end its NAV was up 65 percent in five years, second-best among Taiwan country funds not traded in Taipei.

An alternative is to look at Taiwan funds traded on the Taipei exchange. Hong Kong's Regent Pacific group has made good money doing this, but most of its favorites — among them China Growth Fund and NITC Fu-Yuan Fund — have seen the discounts to NAV compressed in recent months.

Regent also has an institutional Pacific Arbitrage fund, which invests in closed-ends across Asia. One of its favorites over the past year has been Westpac Property Trust in Australia, which has outperformed Australian stocks by 51 percent over five years. Another is the India Fund, which is listed in New York. Regent buys this fund's B shares, about which it is difficult to get information. The regular India Fund shares are still trading at a 15 percent discount to NAV, against a five-year average of 6.4 percent.

For those who can risk losing a little mad money, Jardine Fleming also runs a Hong Kong-listed Indonesia Fund, which on March 20 was trading at a 17 percent discount to NAV. Compare this with premiums of 80 percent or more for some Indonesia funds trading in New York, and this could be a smart purchase. Buying Indonesia, however, means placing a bet that could go sharply either way.

For further information:

ASIA PACIFIC FUND, Telephone: 1 212 778 8838, Ticker: APFI (New York Stock Exchange)  
CHINA GROWTH FUND, Telephone: 866 2 760 6123, Ticker: 0003 (Taiwan)  
JARDINE FLEMING INDONESIA FUND, Ticker: 538 (Hong Kong)  
GREAT CHINA FUND, Telephone: 1 212 713 5569, Ticker: GCHI (New York Stock Exchange)  
MARTIN CURRIE PACIFIC TRUST, Telephone: 44 131 259 2325, Fax: 44 131 228 5555, Ticker: MCF (London)  
NITC FU-YUAN FUND, Telephone: 866 02 504 2080, Ticker: 0002 (Taiwan)  
PAKISTAN INVESTMENT FUND, Telephone: 1 212 296 7100, Ticker: PIF (New York Stock Exchange)

### In N.Y. and London, Pricing Flukes Create Asia Arbitrage Play

By Conrad de Aenlle

**I**F YOU HARBOR dreams of making money and impressing your friends by being a hot-rodding arbitrageur in the world's most volatile stock markets, you may be able to realize them — with minimal risk — thanks to discrepancies in the way shares of closed-end country funds are priced.

Some funds trade at less than the value of the assets they own, while others with similar investment portfolios cost half again as much as they are intrinsically worth. By buying the first and selling the second, an investor can make a sizable profit if both funds approach their true value, while risking relatively little if they do not.

Such mispricing has always been common. But it has become extreme in the last several months among funds targeting emerging markets, especially Asia. Opportunities for small investors to take advantage of the mispricing result not from events in Thailand or Indonesia, however, but from market action in New York and London.

A typical discount or premium to a closed-end fund's net-asset value is 20 percent or less, but lately several single-country funds listed on the New York Stock Exchange have reached premiums of 50 percent or more — 140 percent recently in the case of the Indonesia Fund. Investors in funds listed on the London Stock Exchange that target the same countries are far less enthusiastic, preferring to buy only at discounts or small premiums.

Consider an investment in Thailand. There are two Thailand funds listed in New York. The Thai Capital Fund traded recently at 29 percent more than its NAV; the Thai Fund carried a premium of 44.3 percent. In London, meanwhile, the Aberdeen New Thai Fund

traded at a 2.8 percent premium on the same day, while Siam Selective Growth had a 24.2 percent discount.

An investor who has doubts about the Thai market — but is sure that the American funds cost more than they should — could contact an internationally minded discount broker, like Charles Schwab Corp., and buy one of the London-listed funds and sell short one of the funds traded in New York. (A short sale involves borrowing stock and then selling it in the hope that its price will fall and the stock can be bought at a cheaper price later and handed back to the lender.)

Jeff Gerleman, who is in charge of foreign trading at Schwab, said the brokerage would charge \$29.95 for the first 1,000 shares plus 3 cents per additional share for each of the two transactions through its Internet trading network and somewhat more through conventional telephone trading. Investors would need to have cash in their accounts equal to half the value of the two trades, but they would not have to pay margin interest because the money from the short sales would be credited to their accounts.

Purchasing 10,000 shares of Siam Selective Growth would have cost \$4,825 (\$8.0650), based on a recent price of 48.25 pence per share, slightly more than would be received from selling short 900 shares of the Thai Fund at \$8.875 each. The difference is that the trader would have picked up \$11,300 worth of Thai securities from the purchase but would only owe assets worth half as much, \$5,500, from the short sale.

A similar combination would be a short sale of the Indonesia Fund in New York, with a recent premium of 91 percent, and a purchase of the London-listed Edinburgh Java Fund, which had a 2.2 percent discount. Funds specializing in other Asian markets show less exaggerated discrepancies.

"The strategy is very logical," said Don Cassidy, a specialist in closed-end funds for Lipper Analytical Services. "I suspect the risks are relatively limited."

One of them, he said, lies in "the fact

that the arbitrage is not a perfect one, since the two funds' portfolios are not literally the same."

He also cautioned that it was not always easy to find shareholders willing to lend stock to sell short, and if they do, they might ask for it back when the share price is rising.

Mr. Gerleman of Schwab warned that liquidity on the London side of the trade could be problematic.

"Some of these closed-end funds out of America can be tough to trade," he said. "You have to make sure there's enough liquidity on the illiquid side of the trade before you get excited about this stuff."

A minor risk is that the outsized premiums will persist and that investors will have nothing to show for the money they have committed. But as Peter Juhl, who follows closed-end funds for Robert Fleming Securities, pointed out in a research report, there is a peripatetic aspect to the pricing of U.S. closed-end funds. Premiums and discounts come and go quickly, making this kind of arbitrage "an attractive strategy."

"When the market rebounds," he predicted, "the long position is likely to perform at least in line with the market, while the premium on the U.S. listed funds will come down substantially and may even turn into a discount, significantly reducing the loss on the short position."

The cause of the whopping premiums is difficult to fathom. Conventional notions about market sentiment suggest that they should only appear at times of euphoria. Premiums on funds targeting Europe soared when the Berlin Wall fell in 1989, then swiftly eroded, taking share prices down with them.

Mr. Juhl reckons that traders of U.S. funds have become a more sophisticated breed than other market participants — astute contrarians who view country funds as the best way to get into a cheap market and out of an expensive one. Funds elsewhere do not exhibit the same characteristics because of their relative illiquidity and lower premium volatility, he said, making them more in-

Continued on Page 17

## The Pesky Asia Question Again: Are Those Dirt-Cheap Shares Deals or Dangers?

**B**ACK IN DECEMBER, we asked an easy question, "Are stocks in Asia now screaming bargains, or should they be avoided like the plague?"

Our specialists said they were buyers — and no wonder. Mr. Market had clearly overreacted to the currency crisis, and Asian shares had fallen to insanely low levels. While no one can ever guess the bottom of a market, it is not hard to recognize a genuine panic. And this was a panic, with good stocks driven down with the bad.

Now, we are ready to ask the question again, and it is tougher — for the simple reason that the earlier advice was correct, and Asia has indeed bounced back. From Jan. 1 to April 1, stocks in South Korea rose 49 percent in dollar terms; in Thailand, 53 percent; Malaysia, 24 percent. Of the markets devastated in 1997, only Indonesia has been a big loser. But in every Asian market, stocks are still far lower than they were 12 months ago. The average loss is 19 percent.

"We've had a nice rebound from oversold levels," said Barbara Trebbi, manager of Ivy International Fund II,

using a pleasant understatement.

Ms. Trebbi had made a great prediction when we talked with her nearly four months ago. "There are some tremendous values in the region," she said, and confided that she was buying Telekom Malaysia, which had fallen 42 percent (in local currency) in six months. Since then, it has jumped 80 percent.

Another manager, Seth Masters of the Sanford C. Bernstein & Co. Emerging Markets Value Fund, cited "unbelievably low prices in Asia" in December and spoke rhapsodically of one of his purchases, Universal Robina Corp., a Philippine snack-food and coffee company that was trading at a price-to-earnings ratio of 4. So far this year, it is up 58 percent.

Not all of the selections have worked out. Mr. Masters named Daegu Bank, a Korean stock that jumped 40 percent, then collapsed by more than half to finish down 20 percent for the four months.

Ms. Trebbi said her fund was buying Japanese stocks for the first time since the crash of 1989. But her selections — Japanese stocks like Fuji Photo Film Co., Sony Corp. and Canon Inc. — have all been

flat, while a U.S. counterpart such as General Electric Co. is up 18 percent.

But, overall, Ms. Trebbi's performance is impressive. Her fund has slightly outpaced the Standard & Poor's 500-stock index, an American benchmark, since December, and I asked what she thought about Asia now.

"Looking at what some of these companies can earn over time," she said, "there are values. But you must be selective."

She points out that many of the favorite stocks during the rebound were "companies with high liquidity" — meaning stocks that have large market capitalizations, so that investors can get out of them without driving down prices rushing for the exits. These large caps "are not necessarily the best values."

Robert J. Pelosky Jr. is a top international strategist for Morgan Stanley Dean Witter Discover & Co. who spends much of his life on airplanes.

What Asia needs, he says, is "more pain, please." Without this financial pain,

the countries will not reform their economies. Thanks in part to aid from the International Monetary Fund and the United States, the pain is being mitigated.

He told clients in a recent newsletter that "the region's markets are ahead of themselves and — more important — ahead of the economic effects of the financial crisis." He added, "As I see it, the degree of forthcoming economic contraction and the attendant effect on corporates remain under-

der-stated in the region."

Robert Hrabchak agrees. He directs Asian investments for BEA Associates, a New York money manager. "We've had a euphoric rally," he told me, "and now we're at the show-me-the-money phase." But the Asian countries are not showing much at all.

"The markets are discounting a V-shaped recovery," he said, meaning investors think Asia will rebound sharply from its ills. "We think it will look more like a 'W.' There is quite a bit of disappointment to come."

I find myself agreeing with Mr. Hr-

abach and Mr. Pelosky. The worst is far from over in Asia, the economies are not ready to open up to the West and government interference, the well-meaning efforts of the IMF and other rescuers will only postpone reform, and — perhaps worst of all — Japan, which could be Asia's true savior, will not take steps to crank up its own economy.

But, while pessimism is justified, long-term investors should look closely at underpriced stocks. Even Morgan Stanley is telling clients that 19 percent of their emerging markets holdings should be in Asia. That is a little more than half of what the weighting should be, based on the relative sizes of world markets — but it is still a significant commitment.

Big American investors are looking closely at buying big chunks of beaten-down Asian companies. They worry, however, about private-property protections, bankruptcy laws and the veracity of balance sheets and income statements.

"One could argue," writes Marc Faber, a popular newsletter editor, "that following the Asian devaluations, foreign direct investments will soar because foreign companies will take advantage

of the lower price level in these countries and so lead, in a multiplier effect, to an economic recovery. However, I consider this to be a pipe-dream."

His concern is that Asia is headed for a depression. In Thailand, he points out, car sales in December plunged 74 percent. Bridgewater Associates is projecting a recession for Japan, and Mr. Pelosky said he believed South Korea's economy could contract 4 percent.

The best bet for small investors may be to keep at least a toe-hold in Asia but to be exposed to Latin America as well, where economic reforms actually are taking place. One way to do this is via a broad international mutual fund.

Washington Post Service

Some broad international funds with good records:

BEA INTERNATIONAL EQUITY FUND, 1 212 878 0600, or toll-free in the United States, 1 800 293 1232  
BERNSTEIN INTERNATIONAL VALUE, Telephone: 1 212 766 6097  
GAM INTERNATIONAL, Telephone: 212 467 4684, or toll-free in the United States, 1 800 336 5700  
IVY INTERNATIONAL II, Telephone: 1 407 393 8900, or toll-free in the United States, 1 800 456 5111

FOR INFORMATION about Marc Faber's newsletter, call 852 2601 5410



For information on how to list your fund, fax Katy Hourl at (33-1) 41 43 92 12 or E-mail : [funds@int.com](mailto:funds@int.com)  
To receive free daily quotations for your funds by E-mail : [subscribe@e-funds@int.com](mailto:subscribe@e-funds@int.com)

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- 777 2000 Return Mgt. ARM
- 777 2000 Activ. Leveraged Fd
- 777 2000 Activ. Fd

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\* Australian Dollars; AS - Austrian Schilling  
 \* Belgian Francs; BF - Canadian Dollar  
 Deutsche Marks; DM - Danish Kroner; Dkr  
 Dollars; ECU - European Currency Unit  
 French Francs; FF - Finnish Mark; FM  
 Hariri; IR - Indonesian Rupiah; RI - Italian  
 \* Luxembourg Francs; p - peseta  
 Malaysian Ringgit; RM - Paquet  
 Singapore Dollars; SF - Swiss Francs  
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 asked = \* Other Prices; N.A. - Not Available  
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 Price; \* - Other Price Ind. 3% - Premium  
 Price exchange; \* - American exchange  
 quoted earlier; \* - not registered  
 regulatory authority; P: middle of bid and  
 ask; E: estimated price; P: price called  
 prior to publication; Z: bid price.

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## THE MONEY REPORT

# Promising Plays for the Prudent, Yield-Hungry and Long-Looking Investor

## In Strategic-Income Funds, Risks Are Limited

By Barbara Wall

**L**OOKING FOR an alternative income source? Ill-disposed to the inherent risks of junk bonds and other high-yielding investments? A closed-end strategic-income fund might be just the thing.

Although discounts to net-asset value have narrowed across the board since the beginning of this year, strategic-income fund advocates maintain that there is still value in the sector.

Strategic-income funds are designed to limit volatility by dividing portfolio investments among various bond categories. It is unusual to find one of these funds at the bottom or top of the performance rankings, but on the rare occasions when this does happen, the share price has generally been affected by a rights offering, a takeover or a change in fund status from closed-end to open-end.

Thomas J. Hertzfeld, director of Thomas J. Hertzfeld Advisors Inc., the closed-end fund specialist, has always been an advocate of strategic-income funds.

"These funds are ideal for holding over the long term," he said. "The various components of the fund will show strengths and weaknesses at different points in the economic cycle, and a savvy manager will know when to adjust the weightings of the portfolio in order to maintain a good balance between risk and return."

Gregg Wolper, closed-end-fund editor of the Chicago-based Morningstar Mutual Funds directory, said he liked the idea of a multisector bond fund because it allowed investors to tap into the high yields of junk bonds without having to take on the investment risks of an exclusively low-quality portfolio.

"A typical investor could be someone who is currently invested in U.S. treasury bills, but who wants to add some juice to his portfolio," he said. "Then again, some investors rely solely on strategic income funds for their income stream."

"Provided the yields remain high and the share price does not go to a premium," he continued, "it is still a good time to invest in these funds. Where else will investors get such good yields with relatively low risk attached?"

Mr. Wolper said he favored the funds that were consistent and fairly conservative in their investment allocations.

"Few funds maintain a strict equal balance between sectors," he said.

"While it is generally considered acceptable to have a 40 percent or even 50 percent weighting in high-yielding bonds when market conditions are favorable, once the weighting exceeds this limit, the fund starts to lose its advantage," he added.

Three funds that Mr. Wolper said stand out as being consistent in their allocations are MFS Multisector Income Trust, Colonial Intermediate Income Trust and Putnam Premier Income Trust.

"As well as having well-balanced portfolios, these funds have also proved to be consistent performers over the years, with good track records in the payment of dividends," he said.

Mr. Hertzfeld said that when he selects a fund, it is generally on the basis of its discount.

"Investors will generally get a better return if they concentrate on discounts rather than the performance of the fund manager," he said. "In the multisector bond sector, a manager may be able to add an extra one or two percentage points to his total annual return. But if the discount on the fund was to widen by a fair margin the investor would lose that performance advantage."

He added that this fund had always been a three percentage point wide of its average, and conversely to sell when it was three percentage points narrower.

"If investors rotated in and out of closed-end multisector bond funds using this strategy, they could expect to add several percentage points to their total returns for the year," he said.

Mr. Hertzfeld recommended MFS Multisector Income Trust and Kemper Multisector Income Trust on the basis of their discounts.

"MFS has been a middle-of-the-road performer, and for most of 1997 we were neutral on the fund," he said. "In January this year, the discount narrowed to 6.1 percent from 10.7 percent, but MFS has been trading at discounts of between 9 and 10 percent in recent weeks, which makes it a much more interesting proposition."

"I like Kemper because the discount has recently widened to 8 percent from 4.5 percent at the beginning of February 1998," he added.

Funds that Mr. Hertzfeld said he would not buy include Franklin Principle Maturity Trust and Colonial Intermediate Income Trust.

"The discount on Franklin Principle was 8.8 percent in January 1998 and it has since contracted to 5 percent," he said.

"I would want to switch out of this fund into MFS or Kemper, though the fund does have a very unusual feature, which some investors might want to reflect on: In 2001, Franklin Principle will wind up and return its assets to investors. I still think investors should switch out of the fund, but not too quickly," he added.

George Cole Scott, president of Closed-End Fund Advisors in Richmond, Virginia, disagreed with the thesis that the discount was the most important feature of a multisector bond fund.

In his view, the quality of the management must be given equal consideration.

"Tracking discounts might work for professional traders who are moving in and out of funds regularly, but individual investors will probably want to hold on to their investment for the long term," Mr. Scott said. "A good manager will keep fund expenses down and maintain a consistent track record. Both these factors will help keep discounts narrow and stop them from fluctuating too much."

For further information, contact:

• CLOUSED-END FUND ADVISORS, Telephone: 1 800 225 4116

• THOMAS J. HERTZFELD ADVISORS, Telephone: 1 800 271 1998, Fax: 1 800 270 1998, e-mail: thj@thj.com

• FRANKLIN PRINCIPLE MATURITY TRUST, Telephone: 1 813 312 2000, Web site: www.franklin-principle.com

• KEMPER MULTISECTOR INCOME TRUST, Telephone: 1 813 312 2000, Web site: www.kemper.com

• MFS MULTISECTOR INCOME TRUST, Telephone: 1 813 312 2000, Web site: www.mfs.com

• PUTNAM PREMIER INCOME TRUST, Telephone: 1 813 312 2000, Web site: www.putnam.com

## Betting on the Bull Run With Warrant Funds

By Barbara Wall

**I**F YOU ARE THE kind of optimistic investor who thinks the bull markets in North America and Europe have not finished their run, then closed-end warrant funds could add some color to your portfolio.

Warrants are securities that work like call options: The holder has the right, but not the obligation, to buy a specified stock or bond at a stated price. When equity prices are rising, warrant funds tend to outperform the overall market, but in a decline, their losses are often exaggerated. Funds measure this leverage by what they call their delta ratios: when the ratio is 2, it means the fund will rise—or fall—twice as far as the markets for the securities that underlie the warrants.

Closed-end funds are considered a good way to invest in warrants, which are relatively illiquid and which can require a long-term management horizon. When these funds trade at a discount to net-asset value, there is also extra leverage to be had for investors.

Vivian Lewis, editor of Global Investing, a New York-based newsletter that covers international securities trading in the United States, said closed-end warrant funds might appeal to individuals who want to be in a traditional hedge fund but who cannot afford the investment stake.

"These funds are one way for investors to get geared exposure to a wide variety of European companies, without too much trouble and cost," she said.

There are only two closed-end funds that invest solely in warrants. The European Warrant Fund, managed by Julius Baer Securities, is listed on the New York Stock Exchange, while Warrants & Value Investment Trust, managed by Scottish Value Management Ltd., is listed in London.

One other closed-end fund in this sector, which is one-third invested in warrants, is the NYSE-listed Alliance All-Market Advantage fund.

The objective of the European Warrant Fund is enhanced capital growth, which the fund seeks to achieve by investing in equity and index warrants of Western European issuers. The fund focuses on country allocation rather than on individual companies. It is betting on indexes in Britain and Italy and in the Continent-wide Eurotop 100. It also has exposure to an Iberia telecom basket and individual companies, including ING Groep NV and Zurich Insurance.

"The fund managers aim to follow a buy-and-hold strategy on about 60 percent of the portfolio," said Philip Burger, one of the managers. "The average life of these investments is between one and two years. The fund can have a gearing of up to

three times to underlying equity markets, but the gearing is currently 1.8 times because of what we perceive to be a growing risk of a major market correction."

Warrants & Value Investment Trust aims to achieve long-term capital growth from a portfolio of investment trust warrants and capital shares, and warrants of other British and overseas companies. The portfolio has focused on businesses with the potential to benefit from industrial restructuring or cost-cutting. The best individual investment performances in 1997 were by warrants in British Aerospace PLC, Commerzbank AG, Volkswagen AG and Fidelity European Values. Disappointments included Mercury World Mining Trust, and the JF Japan OTC Fund.

Although Warrants & Value Investment has a leverage ratio of 2, its manager, Donald Robertson, said he was pursuing a defensive strategy.

"There are some encouraging trends for warrants of investment trusts," he said. "Increasingly, investment trusts are realizing that warrant repurchase can enhance net-asset values and minimize the potential impact of future dilution. We expect more trusts to act on this in 1998. The company owns significant positions in the warrant issues of a number of investment trusts trading at substantial discounts."

The Alliance Fund is a different animal from the two others. The portfolio comprises mainly large-company growth stocks. But Michael Reilly, the manager, can leverage on the long side by purchasing options and buffer the fund's returns by shorting stocks. The fund is

invested 65 percent in common stocks and 35 percent in warrants.

"Retail investors are understandably nervous with leveraged exposure to equity markets, especially if the underlying markets look fully valued," Mr. Reilly said. "Valuation is a big issue at the moment in the United States, but the fundamentals appear to be quite positive."

All three funds have recently done well. In the 12 months to March 19, the European Warrant Fund's market price grew by 96 percent as its net-asset value gained 66 percent. Over the same span, Warrants & Value's price rose 25.2 percent, while its NAV grew by 20.5 percent. The Alliance fund's price rose 57 percent over the period, augmented by 17.5 percent of dividend payments; its NAV was up 55 percent.

The outlook is uncertain. Warrants & Value is still at an attractive discount of 14.5 percent to net-asset value, but the discount on European Warrant Fund has narrowed to 1.76 percent, which may make some investors nervous. Ms. Lewis said European Warrant Fund was too rich for her taste and she has sold half her stake in the fund.

Alliance All-Market Advantage is trading at a premium of about 2 percent. Mr. Reilly said the premium reflected last year's dividends and the growing confidence in the fund.

For further information, contact:

• ALLIANCE ALL-MARKET ADVANTAGE FUND, Telephone: 1 312 357 9700, Telex: AMO New York Stock Exchange

• EUROPEAN WARRANT FUND, Telephone: 41 1 238 5111, Telex: EWF New York Stock Exchange

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## Novel Asia Arbitrage Play

Continued from Page 15

efficient trading vehicles.

In Mr. Cassidy's opinion, London investors are the savvy ones. They price the Asia funds more accurately because they have been trading internationally for longer than American investors and because there is greater institutional ownership of closed-end country funds.

He gives American fund traders far less credit.

"The phenomenon we see in the U.S. market is what I coined 'back-door premiums' when it first appeared in 1994 during the Mexico meltdown," he said. "What appears to happen is that U.S. investors bury their heads in the sand and refuse to sell rather than facing reality. When the shock is so severe, one tends to deny and flee, becoming a long-

term holder, if not already so inclined. The NAV is collapsing faster than the market price, so with the divisor shrinking you get huge premiums."

The Asian markets have stabilized and NAVs are no longer collapsing. That means premiums are likely to begin falling. Mr. Cassidy said, but the descent will be a graceful, draw-out process, nothing like the decline in the markets themselves.

"In the Mexico incident, it took about nine months for the funds' market prices to gradually slide lower, while the NAV pressure came off and saw some recovery," he said. "I would imagine it might take nine months or longer this time for the premiums to wither, since the severity of the drops was a deeper shock," he added.

FOR INFORMATION about electronic trading at Charles Schwab & Co., visit the Web site at www.schwab-worldwide.com or call 1 800 852 3500.

## BRIEFCASE

### Japan Life Insurers Back in Real Estate

After a stint on the sidelines, large Japanese life insurance companies are poised to return to the property-investment scene. Nippon Life Insurance Co. said it would pump 600 billion yen (\$4.48 billion) into real estate projects in the coming decade, while Meiji Life Insurance Co. will spend 50 billion to 60 billion yen a year for the four years through 2001 to buy promising properties and renovate existing holdings. Other big life insurers may follow suit, and their activities could lift the market, analysts said.

At a time when lending is unprofitable and equity markets are jumpy, real estate "is the only arena of investment in which stable management is possible," said Takashi Ishizawa, senior economist at LTCB Research Institute Inc. "Good yields from properties became available because the prices have come down."

The life insurers have come late to the party as foreign financial institutions have gone on a binge to acquire Japanese properties at bargain prices, mainly by purchasing dud loans that Japanese banks are keen to unload. Analysts said the outsiders' raids on Japanese properties were eroding the resistance of domestic players to real estate, where they suffered after asset inflation in the early '90s and the subsequent decline. (IHT)

### Rules for Making A Clean Million

There is value in family values, two professors say in a pamphlet written for Washington University in St. Louis, Missouri. Dwight Lee of the school's Center for the Study

of American Business and Richard B. McKenzie, a professor at the Graduate School of Management at the University of California, Irvine, suggested that anybody who really wants to become a dollar millionaire by following a few rules that would have them live clean, save money and get married — once.

The rules were written for Americans, but Mr. Lee said they applied to anyone, anywhere. "The general rules are: get a good education and a good job, work hard, get and stay married," he said. "That applies no matter who you are talking to or where they are."

Still, he admitted, Americans have an advantage. One of the main rules is to "have a reasonable income base," which the authors said was virtually a birthright for most

Americans. How much is reasonable? The pamphlet says that half of all millionaires have annual incomes of less than \$131,000. The key to becoming rich is to live modestly, it adds. As to the tangible value of marriage, the authors said that while 14 percent of Americans lived in poverty, only 6 percent of married couples do.

Another key rule is to take the power of compound interest seriously and take advantage of it early in life. The pamphlet uses the example of an investor who starts saving \$2,000 a year, the amount an American can put into an individual retirement account every year. If the investment returned 10 percent annually, the saver would have a nest

egg of more than \$1.3 million at 65 and \$2.1 million at 70.

Is this sound advice? Karen Alfrest, vice president of L.J. Alfrest & Co., a New York financial-planning concern, described the guide as "a book of conservative values."

She took issue with the idea that investors could get 10 percent average annual returns. "It gives people the mistaken idea that you can outperform the market with an index mutual fund. It sounds like you would be getting a lot of diversification. In fact, you'll do exactly what the market does, even if it drops." (IHT)

TO OBTAIN A COPY of the report, contact Robert Bateman, communications director of the Center for the Study of American Business. Telephone: 1 314 935 5676. E-mail: bateman@wustl.edu. Web site: csab.wustl.edu

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## WORLD ROUNDUP

### Protest Withdrawn

**SOCCER** Borussia Dortmund has withdrawn its protest over its loss in the first semifinal leg of the Champions Cup to Real Madrid, but UEFA said Friday that it would pursue its own case against the Spanish team.

Dortmund filed the protest Thursday, less than 24 hours after its 2-0, in Madrid. The game kicked off with a 75-minute delay after Madrid fans collapsed one of the goal frames. A replacement had to be brought in from Real's training ground. Also, Dortmund officials said the other goal was slightly lower than mandated by soccer rules.

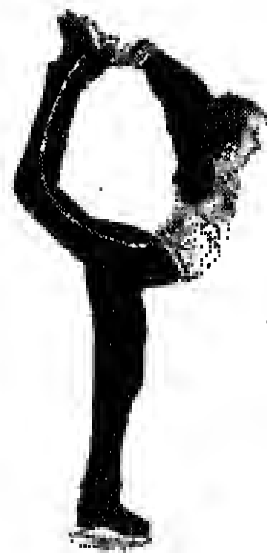
UEFA, soccer's governing body in Europe, did not say why the German team had withdrawn its protest. But Dortmund's manager, Michael Meier, indicated that he felt the protest would have had little chance of being accepted, as the referee of the match had consulted with the UEFA delegate before allowing the match to kick off.

UEFA said its disciplinary committee would discuss the case Sunday in Geneva. (AP)

### Russian Skater Prevails

**FIGURE SKATING** Despite an underwhelming performance, the Russian Alexei Yagudin won the men's title at the world championships in Minneapolis. At 18, Yagudin is not yet a polished performer. He struggled with his jumping, but managed to land seven triple jumps.

The long program was won by Todd Eldredge, 26, the U.S. skater and 1996 world champion, but he was fourth in the short program had to settle for the silver medal overall. Yagudin's training partner, Yevgeni Plushenko, 15, finished second in the long program but fell three times in the long program and tumbled to third place. (NYT)



Yevgeni Plushenko of Russia on his way to a bronze medal.



Carlos Moya of Spain returning to Gustavo Kuerten of Brazil, who won.

## Slovaks Poised for an Upset After Hrbaty Downs Norman

By Christopher Clarey  
International Herald Tribune

**BRATISLAVA, Slovak Republic**—If you look at their tax residences, they are all on the same team: Monaco's.

But at least modern tennis players' hearts are not all in the same place, and so Dominik Hrbaty and Karol Kucera played singles for the Slovak Republic and Magnus Norman and Mikael Tillström played for Sweden on Friday.

This was the first day of this year's Davis Cup World Group, and it was more than that for Slovakia, a landlocked nation of 5.5 million in the midst of a political crisis and a tennis mini-boom. Since the split with the Czech Republic in 1993, Team Slovakia has toiled on the numerous, dimly lit lower rungs that exist on Davis Cup's ladder. But after defeating the likes of Malta, Sudan and Lithuania, the Slovaks have entered the elite, 16-team World Group.

When the first singles match against Sweden ended after five sets and three hours and 25 minutes, Hrbaty had made it clear that his new nation belonged. His 7-6 (7-5), 4-6, 6-4, 3-6, 6-2 victory over Magnus Norman gave the Slovaks a 1-0 advantage over the defending champions and a fine chance of pulling off an upset. The Swedes have been the most consistently successful team since the World Group was formed in 1981, winning five titles and reaching the final on five other occasions. The last time they failed to advance to the semifinals was in 1991, but that streak is in genuine danger considering that neither Norman nor Tillström, who faced the 12th-ranked Kucera late Friday, have played Davis Cup singles before.

"We honestly felt that Magnus and Mikael were the best two players we had," said Sweden's assistant captain, Anders Jarryd.

Jonas Bjorkman, the Swedish No. 1, is home with the flu. Thomas Enqvist, the Swedish No. 2, is home with an injured

wrist. Magnus Larsson, the most experienced Davis Cup player remaining, is here with a presumably bruised ego.

But then a lot of fine players are sitting instead of sweating this weekend. The Americans are hosting the Russians in Stone Mountain, Georgia, without world No. 2 Pete Sampras or Michael Chang, although they do have the newly motivated Andre Agassi. The Czechs are playing the Swiss without Petr Korda. The Dutch are playing the Belgians without Richard Krajicek.

Even the stars who did manage to play on Friday did not necessarily prosper. Australia and Zimbabwe were tied, 1-1, after the U.S. Open champion, Patrick Rafter, another recent flu victim, was upset on grass at home in the inland city of Mildura by Byron Black 3-6, 6-3, 6-2, 7-6 (7-0). Jasek Stollenberg defeated Black's younger brother, Wayne, in the opening rubber, 6-3, 6-4, 5-7, 7-5.

The oera for Germany's Davis Cup team began auspiciously as it took a 2-0 lead over South Africa on an indoor carpet in Bremen, Germany. The semi-retired Boris Becker, now the team manager, is not playing singles despite his love for indoor tennis, leaving task to Germany's promising, new duo: Nicolas Pietrangeli and Tommy Haas. Kiefer, who turned 20 last Friday, rallied to defeat Grant Stafford, 4-6, 4-6, 6-1, 6-2, 6-2. Haas, who turned 20 on Friday, upset Wayne Ferreira, 7-6 (7-2), 3-6, 6-3, 6-4.

Rain affected play outdoors in Brussels and Genoa. In Zurich, the Czech Republic led Switzerland, 1-0, after Bohdan Ulihrach's 6-7, 7-9, 6-0, 7-5, 6-2 victory over Ivo Heuberger.

Across the Atlantic in the lively seaport of Porto Alegre, Brazil, Gustavo Kuerten showed that he has not lost his flair on clay since his stunning run to last year's French Open title. Kuerten rallied to defeat Carlos Moya of Spain, 5-7, 1-6, 6-4, 6-4, in front of a customarily exuberant and unabashedly subjective home crowd.

## Teen Female Stars Light Up Tennis

International Herald Tribune

**KEY BISCAYNE, Florida**—Martina Hingis gives hope for reincarnation—not only for its existence but for its profitability. She is like a 36-year-old woman in the body of a 17-year-old, earning well over \$3 million annually.

She is no larger than a retired gymnast. Everywhere else you look the youngsters earning her kind of money are doing it with superhuman power (Tiger Woods) or Jordanesque athleticism (the basketball stars Kobe Bryant and Allen Iverson) or a combination of the two (Ronaldo). Hingis, who turns 18 in September, plays like somebody who has been hypnotized to believe she is on Martina Navratilova's last legs. She is fascinatingly vulnerable.

That makes her the splendid opposite to the Williams sisters, 16-year-old Serena and 17-year-old Venus, who together formed an impossible obstacle course for Hingis last week at The Lipton Championships. Serena forced Hingis to save two match points before handing over the Swiss champion to Venus, who pummeled Hingis in the semifinal. Venus Williams is 6 feet 2 inches tall (1.88 meters). People like to compare her to that of Woods, in part because she is a black American and therefore creating new possibilities for children who otherwise might not have considered playing tennis.

But her play also revives memories of Boris Becker and the athletic revolution of power and speed set in place by his 1985 championship at Wimbledon as a 17-year-old.

Add Hingis and Venus Williams together and they still aren't as old as Navratilova was when she reached the final at Wimbledon not quite four years ago. Yet they pretended to be grown-ups, and we let them pretend. Hingis

In America / IAN THOMSEN

tried to extend the points, refusing to acknowledge her errors and laughing when others might have felt threatened by Williams's power. Williams, after wasting a chance to finish in the second set, showed she is more than a guileless athlete by prevailing in the third.

Hingis, the Williams sisters and 16-year-old Anna Kournikova are the expensive chips in a larger poker game going on between the women's tour and the men's. The ATP Tour—representing the men—has asked the WTA Tour to get married. In this marriage, love is just a number, it means for keeping score. The men have proposed that they play at least seven tour events with the women, as happens currently at the four Grand Slam tournaments, The Lipton and the early March event at Indian Wells, California.

The men believe that tennis needs more such tournaments to recruit the larger global audience and fully exploit the commercial market. They are promising that this arrangement will strengthen both tours. The women, who appear suddenly headed in a promising direction after many difficult years, aren't willing to just dive into this.

"I have not quite closed the door on that concept," Bartlett McGuire, the WTA Tour's chief executive, said.

McGuire, who has been in the job three months, is concerned that the men might in some way overshadow the women. "I don't want to jeopardize our status as the No. 1 women's sport worldwide," he said. If the women were likely to receive equal prize money or profit-sharing at these joint tournaments, or even a commitment toward reaching equality in the near future, that would be another thing

entirely. "But that is not likely to happen in the near future," he said.

He came up with statistics showing that the U.S. TV ratings of the women's finals were about 20 percent higher than those of the men's finals last year at Wimbledon, the French Open and The Lipton. In this light, his negotiating stance makes sense. For the sport as a whole, however, it leads to a disappointing conclusion. The fact is that the women command high ratings at those events because those tournaments are held in conjunction with men's tournaments.

America is going to become an even more important market for tennis which is expected with the retirement of Becker and Steffi Graf. U.S. audiences don't much care for tennis unless the men and women are playing together, as they do at Wimbledon and the U.S. Open.

The Lipton has become the second-highest tennis event in America because it is deep enough in talent and variety have survived this year, the early-round losses of Pete Sampras, Monica Seles and other big names. In a normal women-only setting, the success of the tournament would have been at the mercy of a couple of 17-year-olds—Hingis and Williams.

When the women and the men take turns in one stadium, the sport seems unusually vibrant and healthy. The ball is now in the ATP's court. If the men are sincere about creating a lucrative revolution for tennis, then they must come up with a revolutionary, visionary approach to the battle of the sexes.

Ian Thomsen is a senior writer for Sports Illustrated magazine.

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Baltimore	2	1	.667	1/2
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Tampa Bay	2	1	.667	1/2
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Toronto	1	1	.500	1
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New York	0	2	.000	2
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##### CENTRAL DIVISION

Team	W	L	Pct.	GB
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Cleveland	2	0	1.000	0
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Chicago	2	0	1.000	0
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Minnesota	1	1	.500	1
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Philadelphia	1	1	.500	1
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Detroit	1	1	.500	1
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Kansas City	1	1	.500	1
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##### WEST DIVISION

Team	W	L	Pct.	GB
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Seattle	2	0	1.000	0
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San Diego	2	0	1.000	0
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Los Angeles	2	0	1.000	0
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Arizona	0	2	.000	2
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### BASEBALL

#### MAJOR LEAGUE STANDINGS

##### AMERICAN LEAGUE

##### EAST DIVISION

Team	W	L	Pct.	GB
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Boston	2	1	1.000	0
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Baltimore	2	1	.667	1/2
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Tampa Bay	2	1	.667	1/2
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Toronto	1	1	.500	1
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New York	0	2	.000	2
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##### CENTRAL DIVISION

Team	W	L	Pct.	GB
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Cleveland	2	0	1.000	0
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Chicago	2	0	1.000	0
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Minnesota	1	1	.500	1
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Philadelphia	1	1	.500	1
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Kansas City	1	1	.500	1
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San Diego	2	0	1.000	0
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Los Angeles	2	0	1.000	0
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Arizona	0	2	.000	2
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### BASEBALL

#### MAJOR LEAGUE STANDINGS

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##### CENTRAL DIVISION

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Chicago	2	0	1.000	0
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Kansas City	1	1	.500	1
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Los Angeles	2	0	1.000	0
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Arizona	0	2	.000	2
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### BASEBALL

#### MAJOR LEAGUE STANDINGS

##### AMERICAN LEAGUE

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San Diego	2	0	1.000	0
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Los Angeles	2	0	1.000	0
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Arizona	0	2	.000	2
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### BASEBALL

#### MAJOR LEAGUE STANDINGS

##### AMERICAN LEAGUE

##### EAST DIVISION

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Kansas City	1	1	.500	1
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Seattle	2	0	1.000	0
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SPORTS

# O'Neal Puts On a Show

## L.A. Center Scores 50, Shredding the Nets

By Mike Wise  
New York Times Service

**EAST RUTHERFORD, New Jersey** — Dressed in purple, he towered over everyone. He wore a perpetual smile and enraptured 20,000 people who came to see him frolic.

When the rim had stopped shaking at Continental Arena on Thursday night, Shaquille O'Neal had erupted for a season-high 50 points and the Los Angeles

passes high above the rim and dunking or merely getting great position for layups, he could not be stopped.

"We couldn't control him at all down there," the Nets' Kendall Gill said. "He was running the court. I've never seen, in my eight years, a center run down the court and get that many free baskets."

In other games, The Associated Press reported:

**Pacers 111, Timberwolves 108** In Indianapolis, Antonio Davis scored 23 points and grabbed 11 rebounds, and Indiana survived a furious Minnesota rally in the fourth quarter.

**Knicks 81, Clippers 70** In New York, Larry Johnson scored 21 points, Charles Oakley had 17 and New York's big men had a rare dominating night as the Knicks ended a two-game losing streak.

**Warriors 104, Rockets 94** In Houston, Jim Jackson had 33 points and 11 assists, and Golden State had its best shooting game of the season, hitting 52 percent from the floor.

The Warriors, who also got 21 points and 11 rebounds from Donnell Marshall, won for only the sixth time all season away from home.

**Spurs 103, Heat 89** In San Antonio, Tim Duncan had 22 points and 14 rebounds as the Spurs won their fourth straight, stopping Miami's seven-game winning streak. David Robinson added 21 points and 14 rebounds for the Spurs, and Jaren Jackson had 15 points.

**SuperSonics 107, Mavericks 86** In Seattle, Gary Payton scored 22 as the Sonics moved into the lead in the Western Conference playoff race by beating Dallas.

### NBA Roundup

Lakers had a comfortable 117-106 victory over the New Jersey Nets. Showtime had come to the Meadowlands, and it was a show-stopper for the home team.

"What are you going to do?" said Lucious Harris, the Nets' reserve guard. "He's 7-7 and weighs 300 pounds."

Actually, O'Neal is only 7-foot-1 (2.15 meters) and about 330 pounds (150 kilograms), but he played that big for four quarters. He ran the entertainment gamut, shooting and making his first technical foul shot late in the fourth quarter and even obliging the few fans who stayed until the end by hoisting a 3-pointer. It missed badly, but it was the thought that counted.

Even after the loss, the Nets still led in the race for the eighth and final playoff spot in the Eastern Conference, half a game ahead of Orlando and a full game ahead of Washington.

O'Neal, who had 26 points by halftime, made 18 of 26 shots from the field and 14 of 20 from the free-throw line. Whether he was catching alley-oop



The Lakers' Shaquille O'Neal dunking over the Nets' Michael Cage.

# For Tarkanian, This Victory's Sweet

By Richard Sandomir  
New York Times Service

**NEW YORK** — Throughout his three-decade career, Jerry Tarkanian has developed and even embraced a reputation as a rebel, an anti-establishment college basketball coach who compiled a scintillating record built on a fondness for recruiting players with dubious academic credentials.

With his hooded eyes, bald head and penchant for chewing white towels during games, Tarkanian, known as Tark the Shark, became a singular character in American college sports.

In virtual lockstep, the National Collegiate Athletic Association, which governs college athletics and enforces its rules, monitored and pursued Tarkanian with the relentlessness of Inspector Javert hunting Jean Valjean in

"Les Misérables." Three times the association levied penalties against his teams, putting them on probation and barring them from appearing on television.

But the 26-year hostilities came to an end Thursday when the association agreed to pay Tarkanian, 67, \$2.5 million rather than defend itself against a lawsuit he had filed that was scheduled to go to trial next month.

The suit, in which Tarkanian alleged a campaign of unfair prosecution by the NCAA, was to be heard in Las Vegas, where Tarkanian coached for 19 seasons at the University of Nevada-Las Vegas and is still a popular figure. In announcing the settlement Thursday, Cedric Dempsey, the association's executive director, said the failure to get a change of venue was instrumental in its decision.

In a carefully worded statement, the NCAA said it "regrets the 26-year ongoing dispute" with Tarkanian. But Dempsey said the unprecedented settlement was not an admission that its enforcement division erred in its sanctions against Tarkanian. "It only relates to the lawsuit," Dempsey said.

Tarkanian, now the coach at Fresno State University, said by telephone from Las Vegas: "Nothing can make up for what they've done, but it helps to clear the air. It helps a lot. But they couldn't pay me enough to make up for the agony they caused me and my family. The only thing that kept me going was I had such great kids in our program."

The settlement was a victory for Tarkanian, or at least for his persistence in resisting the NCAA's attempts to penalize him. Even so, he remains beset

by problems with his players. Just Thursday a former player at Fresno State and another one recruited by Tarkanian to play there were charged with using a gun and a samurai sword to threaten, assault and rob a man. Both players have proclaimed their innocence.

## Utah's Majerus Rejects a Big Offer

The Associated Press

Arizona State is still looking for a new coach after Rick Majerus, who led the University of Utah to the national basketball championship game before losing to Kentucky, turned down a reported \$1 million-a-year offer to coach at Arizona.

Majerus said he would stay at Utah for personal reasons. With Tom Penders out, Texas is looking for a new basketball coach. Penders settled the four remaining years of his contract by taking \$643,000. He left as the coach with the best record in Texas history, with 208 victories and 110 losses in 10 seasons.

Pete Gillen is replacing Jeff Jones at Virginia, leaving Providence available for Tim Welsh, who moved up from Iowa. Welsh's old job is expected to go to assistant Jeff Ruland.

At Iowa, Tom Davis said he would retire after next season, the final year of his 10-year contract.

## White Is Sorry He Slurred Everybody

The Associated Press

**MILWAUKEE** — Reggie White says he is sorry if he offended anybody with a speech in which he criticized homosexuality and cited racial stereotypes when trying "to reflect the full image of God."

The star defensive end of the Green Bay Packers faxed a statement to the Milwaukee Journal Sentinel late Thursday saying that he did not intend to slight anyone during his guest appearance before the state assembly March 25.

"First, I made a point that our so-

ciety is fortunate to be comprised of different races and cultures.

"I must admit that my examples may have been somewhat clumsy and inappropriate on how the races differ, but my intent was not to demean anyone," White said in the statement, which was published in Friday editions.

"If I did, I humbly ask for your forgiveness," he said.

"I did conclude the point by stressing that it takes all of our combined characteristics and qualities to reflect the full image of God."

# McGwire Powers Cards To Victory Over Dodgers

The Associated Press

**ST. LOUIS** — Mark McGwire, who hit a grand slam on opening day, connected for a three-run homer in the 12th inning Thursday to give the St. Louis Cardinals an 8-5 victory over the Los Angeles Dodgers.

A year after hitting 58 homers, the most since Roger Maris's record 61 in 1961, McGwire is 4-for-8 in his first two games with seven runs batted in and three walks.

With the score 5-5, Juan Acevedo (1-0) beat out an infield hit against Frank

Lankford (0-1) with one out in the 12th and took second on a wild throw by the Dodgers' second baseman, Eric Young, his third error of the game.

Royce Clayton was hit in the forearm with a pitch, and McGwire homered to left with two outs, ending a four-hour,

### NL Roundup

six-minute game in which each team used 21 players — including all position players.

Cliff Politte, a 54th-round draft pick in 1995, started for St. Louis, making his major league debut in his hometown. He allowed one run and two hits in five innings.

**Cubs 9, Marlins 7** In Miami, Jeff Blauvelt's RBI single capped a two-out rally in the ninth inning, and the Chicago Cubs overcame an early six-run deficit to beat the Marlins.

Gary Sheffield hit a three-run homer, his second, in Florida's six-run first inning. Cliff Floyd hit a solo homer, his second.

**Pirates 4, Expos 3** In Montreal, Tony Womack hit a go-ahead, two-run single in the seventh inning as the Pittsburgh Pirates overcame Vladimir Guerrero's first two-homer game to beat the Expos. Guerrero hit solo homers with two outs in the third and fifth innings off Jason Schmidt (1-0).

**Reds 5, Padres 1** In Cincinnati, the Reds earned their first victory of the season as Willie Greene and Chris Stynes homered.

Steve Cooke got the victory by hold-



The Giants' Brian Johnson meeting the Astros' catcher, Bard Ausmus.

ing the Padres to four hits and one run over six innings. Andy Ashby remained winless against the Reds at 0-8 in 13 career games.

**Phillies 6, Mets 5** In New York, Mark Portugal got his first victory since 1996 as Philadelphia held off the Mets despite Gregg Jefferies' losing a home run on an umpire's rare reversal.

Portugal (1-0) pitched five innings before leaving because of an inflamed knee. His last victory in the majors had been on Aug. 9, 1996, with Cincinnati.

**Brewers 8, Braves 6**, 11 innings In Atlanta, Jeromy Burnitz homered twice, including an 11th-inning grand slam, and Milwaukee got its first NL victory. Mike Myers picked up the win in his first major-league decision.

# Yankees Can't Get a Grip

## Hill's 6 Shutout Innings Lift Angels to Sweep

The Associated Press

Two Anaheim Angels reached the century mark at the expense of the New York Yankees, whose highly touted offense did little for the second straight game.

Ken Hill followed up Chuck Finley's outstanding pitching performance of Wednesday with six shutout innings for his 100th career victory, and Dave

### AL Roundup

Hollins hit his 100th career homer as the Angels routed the visiting Yankees, 10-2, on Thursday night.

The Yankees, who hit .314 in the exhibition season, got just three runs and 12 hits in being swept in the season-opening two-game series.

"Kenny was great," said the Angels' manager, Terry Collins. "Pitching's always going to be the No. 1 thing. You've got to pitch to beat the Yankees and you've got to catch the ball."

The Yankees have started 0-2 for the first time since 1985, when they opened with three losses at Boston. "Guys are trying, you've got to give their pitching credit again tonight," said Chuck Knoblauch, who had four of his team's seven hits. "Spring training is spring training, and when the regular season starts, it's a different story."

**Rangers 20, White Sox 4** Juan Gonzalez's grand slam capped a 10-run seventh-inning and host Texas set a club record with 23 hits.

Five of the hits were homers, with Kevin Elster, Mike Simms, Ivan Rodriguez and Lee Stevens also con-

necting for the Rangers, who scored their most runs since getting 26 against Baltimore on April 19, 1996.

Aaron Sele (1-0) pitched five solid innings, allowing four runs — two earned — on six hits in his Texas debut. Roger Pavlik finished with two-hit relief for the save. Mike Siroka (0-1) was the loser.

**Red Sox 6, Athletics 3** Mo Vaughn singled home the go-ahead run in the seventh inning, and Boston beat the host Athletics for a season-opening two-game sweep.

**Devil Rays 7, Tigers 1** In St. Petersburg, Florida, Mike DiFelice tripled with the bases loaded to break a seventh-inning tie, helping Tampa Bay become the fifth expansion team to win its initial series. Tampa Bay, which won two straight against the Tigers after losing the opener, joined Houston (1962), Kansas City (1969), San Diego (1969) and Toronto (1977).

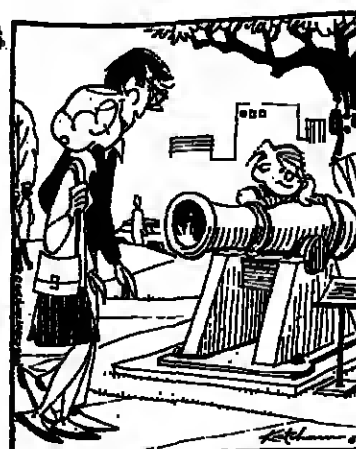
**Orioles 4, Royals 3** In Baltimore, Jeffrey Hammonds' two-run single in the bottom of the ninth capped a four-run uprising that carried the Orioles. Baltimore had only two hits and trailed, 3-0, before rallying against Jeff Montblome (0-1). Harold Baines led off the ninth with a homer and Cal Ripken drew a one-out walk before Chris Hoiles singled with two outs. Montgomery then hit a pinch-hitter, Joe Carter, to load the bases and forced in a run by walking Brady Anderson.

**Twins 3, Blue Jays 2** In Toronto, Paul Molitor hit a bases-loaded triple off Kelvin Escobar in the eighth inning as Minnesota rallied to beat the Blue Jays.



Mark McGwire working out with a medicine ball before walloping L.A.

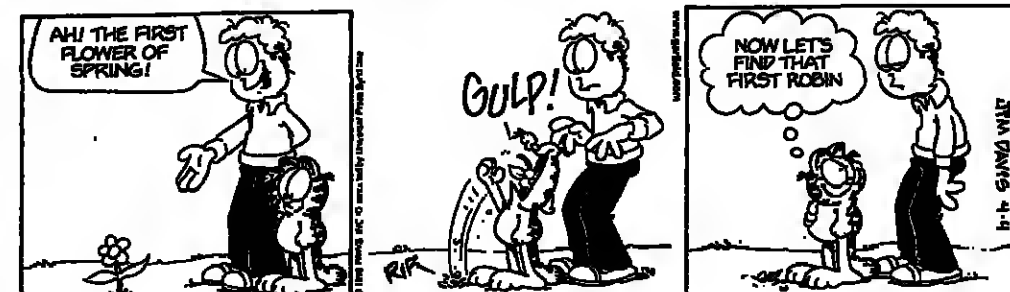
### DENNIS THE MENACE



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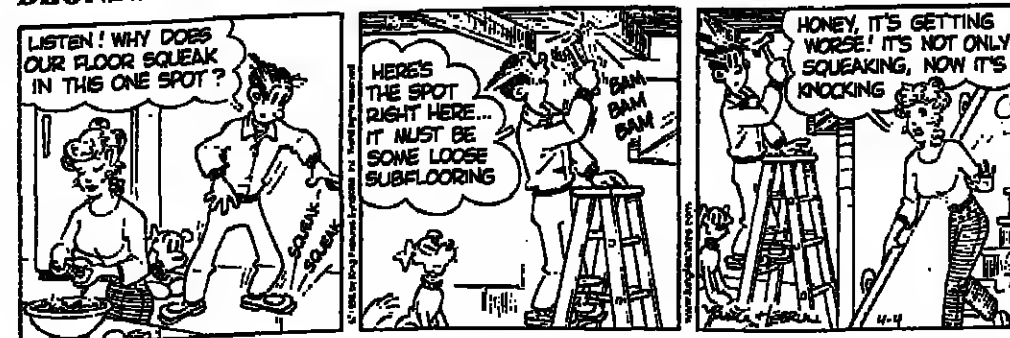
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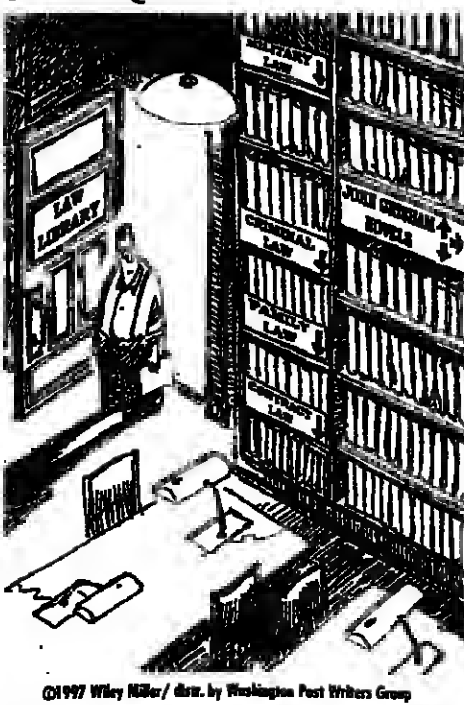
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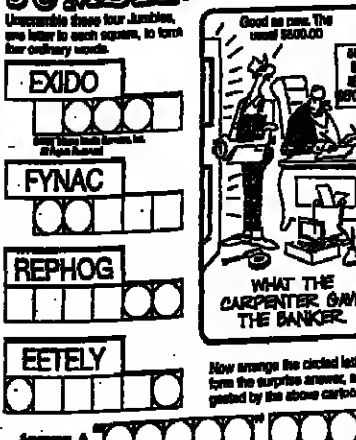
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